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The Effect Of Public Debt On Future Business Activities

Dr. Nadler Says National Debt of 250 To 300 Billion Dollars Need Not Have Great Adverse Effect On Our Economy. Avers Danger Lies In Attempt To Solve Debt Problem Via Currency Depreciation

Looks For Higher Price Level And Predicts Government Control Of Money Market To Keep Interest Rates Down—Warns Taxes Must Not Stifle Initiative, Corporations Must Be Permitted To Accumulate Surplus And Investor Assured Of Return

Dr. Marcus Nadler, Professor of Finance at New York University, addressed the Wholesale Druggists Association at their "Road Ahead Conference" in New York on Sept. 30, and said that one of the great problems that will confront the nation in a post-war period is the public debt. Doctor Nadler said that upon the solution of this problem will depend not merely the course of business, but the future of our economic and political institutions as well. He also pointed out that there is only one way to handle the public debt, and that is the hard way; any other way leads to disaster. Doctor Nadler's address, in which he discusses the effect of our rapidly mounting public debt on our national economy, on business activity in general, and the dangers we must guard against, follows in full:

Dr. Marcus Nadler

One of the great problems that will confront the nation in a post-war period is the public debt. Upon the solution of this prob-

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Unsound Tax Program Can Destroy Capitalistic Democracy: Hanes

John W. Hanes Declares That When Normal Tax Is So High As To Preclude Corporations Repaying Debts, Credit Is Destroyed And Wholesale Bankruptcies Ensue At First Signs Of Depression. Venture Capital Will Be Lacking Too He Avers. Suggests A Certain Percentage Of Net Income Be Exempt From All Federal Income Tax Provided That Amount Is Used To Pay Corporate Debt

John W. Hanes, former Under-Secretary of the Treasury, speaking on "Problems of Federal Taxation in Wartime" at the New School for Social Research in New York City, last week said that it seems "that our only hope for the future is dependent upon the continued functioning of our system of capitalistic democracy" and that "to strangulate it now will mean not only the danger of the loss of the war, but also an inevitable defeat in achieving the kind of peace we all desire." Mr. Hanes also said "When the corporate rates of normal and surtax reach the proposed 50% and the excess profits tax is 90% the problem ceases to be one of inequities and approaches that of danger to corporate enterprises generally" and he further declared "that venture capital will have little or no inducement to risk itself in corporate enterprise." Mr. Hanes closed his address by saying that with the proper form of corporate taxes, "businessmen would accept any tax rate that might be imposed for the duration, for they would know then that our government is interested in preserving our Amer-

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John W. Hanes

Willford I. King Would Solve The War Debt Problem By Enforced Savings

"To think of an adjective which appropriately describes the present size of the war debt, to say nothing of its prospective magnitude, is difficult. Huge, mammoth, unprecedented—all seem too mild. The debt certainly is so prodigious as to be entirely incomprehensible to the average mind," says Dr. Willford I. King, School of Commerce, New York University. "But, fortunately," Doctor King continues, "the same may be said of our natural resources and productive ability." "In view of this fact, does our national debt really constitute a serious problem?" he asks in a paper he has prepared on the subject which follows in full:

Willford I. King

Popular writers are prone to draw a picture of future generations struggling along under this huge incubus. The Keynesians, however, assure us that since we owe the debt to ourselves, it constitutes no burden whatever on the nation. Who is right?

In a way, the Keynesians have much the stronger side of the case. Clearly, almost every dollar of interest or principal paid by one inhabitant is received by another inhabitant of the nation. Obviously, cancellation of the debt

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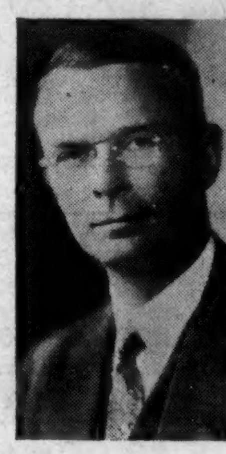
Opposes Federal Unemployment Insurance Control

The federalization of unemployment insurance should be vigorously opposed by those who advocate the American way of life, according to M. A. Linton, President of the Provident Mutual Life Insurance Company of Philadelphia, in addressing the American Life Convention at Chicago last week. To do away with the state administration of unemployment insurance, and to transform it into a fully federalized plan administered by federal officers, as is proposed by the pending Wagner-Dingell bill, would create a huge federal machine which could not help having political repercussions no matter which party were in power, Mr. Linton said.



M. A. Linton

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Illinois Corporates-Municipals

Special section devoted exclusively to Illinois corporate and municipal securities starts on page 1490.

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Political Security, Internal Stability Essential In Solving Post-War Problems

By HON. ROBERT HENRY BRAND

Managing Director of Lazard Brothers & Co., Chairman of Board of North British & Mercantile Insurance, Ltd., London

There are three prerequisites necessary to achieving a solution for the great problems facing nations after the war, Robert Henry Brand, managing director of Lazard Brothers & Co. and Chairman of the Board of North British & Mercantile Insurance Co., Ltd., London, declared in addressing the general session of the ABA War Service Meeting the latter part of last month.

That comparative economic stability should be maintained internally in each country, and severe inflation or deflation avoided, is the most fundamental need of all, Mr. Brand asserted. Owing to the preponderant influence of the United States on the rest of the world, he told the gathering, this basic requirement is more important here than anywhere else. It can only be secured, in his opinion, by the wise control of events by the Government, by the banking system and by industry.

Robt. Henry Brand

Political security, without which confidence is undermined and enterprise is subjected to risks which are incalculable, was described by the speaker as another prerequisite.

"The second condition," he said, "is that something like internal stability, whether of production, employment, prices, relation between supply and demand, and other economic conditions, shall be maintained in the great industrial and trading countries and particularly, because of its overwhelming economic strength, in the United States.

"The third—and of course very closely related to the second—is that stability of exchanges among these nations, in other words equilibrium in the balance of payments as a whole, including loans, shall also be maintained."

Asserting that both in the United States and England there will be an intense post-war demand for products, Mr. Brand warned that "if all the gates are opened, and all controls lifted, there is likely to be a great inflationary rise of prices at once

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Treasury Outlines Plan For United Nations RFC Bank

The Treasury Department made known Oct. 8 the draft of a proposed United Nations Bank for Reconstruction and Development. It had previously been indicated in press accounts from Washington that a post-war international bank which in effect would be a world wide Reconstruction Finance Corporation was under consideration by Treasury officials and in referring to these earlier advices in our issue of Oct. 7, page 1428, we called attention to the fact that such a plan was advocated in an article by Congressman Charles S. Dewey, which appeared on the first page of the "Chronicle" of June 24, 1943.

Under the Treasury's plans, the "Proposed United Nations Bank for Reconstruction and Development" would be capitalized at $10,000,000,000 subscribed by member countries; it is designed to "encourage private financial agencies to provide long-term capital for the sound development of the productive resources of member countries, and when necessary cooperate with and supplement private capital for such purposes."

As to the powers and operations of the bank it is stipulated

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Victory Tax Refund Bill Voted By House

The House on Oct. 11 passed a bill providing for a refund through immediate tax credits of a portion of the 5% Victory Tax, ranging from 25 to 40%.

Under the measure, according to the Associated Press, the Government would assume that all Victory Tax payers had made the necessary War Bond purchases, payments on insurance and debts necessary to qualify them for the credit.

The Associated Press accounts further explained:

Therefore, in the next tax returns all taxpayers would take the credit that originally was intended as a post-war refund.

The credit amounts to 25% for single persons, 40% for married persons, 2% for each dependent, with the rebate in no case to exceed $1,000.

The House also passed and sent to the Senate bills providing for extension of time for filing for relief under the excess profits law and removing for the duration of the war the duty on ship repairs done and equipment installed in foreign ports.

P. B. Shute Joins Milwaukee Co. Staff

(Special to The Financial Chronicle)

MILWAUKEE, WIS. — Preston B. Shute has become associated with the Milwaukee Company, 207 East Michigan Street. Mr. Shute was formerly with Morris F. Fox & Company and prior thereto was with Cromwell & Cabot, Inc., Woodruff & Co. of Chicago and the Central Republic Company.

David V. Bennett Now With Amott, Baker Co.

David V. Bennett is now associated with Amott, Baker & Co., Incorporated, 150 Broadway, New York City. Mr. Bennett was formerly an officer of Bennett, Langworthy & Co.

Pittsburgh Rys. Look Good

The current situation in Pittsburgh Railways System, particularly certain of the underlying bonds, offers attractive possibilities for appreciation, according to a study prepared by T. J. Feibleman & Company, 41 Broad St., New York City. Copies of this interesting study, which is available to dealers only, may be had upon request from T. J. Feibleman & Co.

Also available are memoranda on Nu-Enamel; Oklahoma-Texas Trust; Pittsburgh, Canonsburg & Washington 5s of 1937; Washington & Canonsburg First 5s of 1932; and West End Traction 5s of 1938.

Arden Farms Attractive

Common stock of Arden Farms offers attractive possibilities according to a memorandum prepared by Hill, Thompson & Co., Inc., 120 Broadway, New York City. Copies of this interesting memorandum may be had upon request.

Paul Shaskan To Become Partner

Paul N. Shaskan will be admitted to partnership in Shaskan & Co., 40 Exchange Place, New York City, members of the New York Stock Exchange.

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OUR REPORTER'S REPORT

Underwriters and dealers who have now been back on their regular assignments for the better part of a fortnight are convinced that there is little reason to worry over the outlook for the investment market over the balance of the year.

They have arrived at this conclusion in spite of the disturbing nature of the Treasury's latest tax proposals which would strike heavily at large institutional investors who have been the primary outlet for new issues over the last decade or more.

The cool reception accorded Secretary Morgenthau's drastic program upon its presentation to Congress presumably has served to temper any misgivings in that direction.

All hands naturally anticipate higher taxation in consequence of the immense costs of war, but there is a general feeling that the new revenue bill, which must evolve, will be shorn of many of the seemingly punitive and non-revenue features proposed by the Treasury.

Investment authorities are confident that there is plenty of money around awaiting opportunities to go to work. But they note, too, evidence of gradual, but nonetheless persistent, leaning in the direction of equity securities.

In spite of this latter indication, however, it is considered opinion

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Warns Of World Bank As International RFC

Representative Chiperfield (Rep., Ill.), warned on Oct. 9 that the international bank proposal of the Treasury constituted a world-wide RFC in which the United States might pay out gold and get only debased foreign money in return.

In reporting this, the Washington bureau of the New York "Journal-American" added:

Mr. Chiperfield declared the international bank was a fit companion for the world-wide WPA setup in the United Nations Relief and Rehabilitation Administration which is to meet here in November. He said:

"Apparently the Relief and Rehabilitation Administration is the short-term WPA; and the international bank is the long-term RFC in the internationalists' conception of the new world."

The capital of the new bank would be $10,000,000,000, of which the United States would contribute between 30 to 35%, with a roughly proportionate voting power.

Since the United States is the chief holder of the world's gold, Mr. Chiperfield said, it would contribute a far disproportionate share of the gold to the bank's capital. . . .

Mr. Chiperfield said that, since the controlling votes in the bank would be held by countries other than the United States, those other countries might continue indefinitely making loans on the sound security of United States gold and repay in debased currencies.

In effect, America would be tossing its gold into a jackpot controlled by gold-hungry nations, and would depend upon the vote of those nations to determine whether it would get the gold back.

Telegraph Merger Seen Offering Benefits

The merger of Western Union Telegraph Company and Postal Telegraph Company, offers, in the opinion of Arthur Wiesenberger & Company, 61 Broadway, New York City, members of the New York Stock Exchange, most attractive possibilities for appreciation. The firm declares that their appraisal of the situation shows Western Union stock considerably under-priced, a conclusion based not only on the benefits to accrue from the merger but upon developments within the industry itself. The immediacy of the anticipated rise is, the firm states, is not very material to the question, since the stock offers both speculative and bona fide investment possibilities.

Copies of the circular discussing the situation in detail may be had from Arthur Wiesenberger & Company upon request.

SEC Should Adopt Program Of Self Restraint: Harold F. McGuire

In an analysis and appraisal of the work of the Securities and Exchange Commission with respect to the administration of the Securities Acts, Harold F. McGuire of the New York law firm of Wickes, Riddell, Bloomer, Jacobi and McGuire, of New York, stated in conclusion that "in summary my program for Commission action at this time—which is most respectfully submitted—is that it exercise the utmost self-restraint and all its ingenuity to avoid interference with honest business." "In thus suggesting," he said, "a program of self-effacement, to be energetically pursued in the national interest, I recognize that I am proposing a platform difficult for the Commission, or any administrative agency similarly placed, to follow. It is natural for any administrative agency to feel that the problems within its jurisdiction are of primary importance. However, I would remind the Commission that this is not a period of reform, but one in which solution of even more fundamental problems is required. Unless those problems are solved, there may be no occasion for experimentation in the future."

Harold F. McGuire

Mr. McGuire's discussion of the subject was a feature of the recent annual meeting in New York of the Controllers Institute of America, in which he observed that "Our experience over the past 10 years with the securities laws and their administration has disclosed definite defects which would call for change even were we not faced with the unique and paramount problems of the war and the peace. Those defects do

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Post-War Taxes And Unemployment

With taxes on the eve of being raised, apparently for the last time during the war, and with unemployment now practically nil, it may be pertinent to look ahead for a tentative survey of the probable situation after the war has ended.

Unemployment Prospects

In the first World War only 25% of the total output of goods and services was devoted to military purposes, compared with 50% of the gross national product that is directed to the war now; there were 4,000,000 soldiers to be demobilized compared with about 11,000,000 expected to be in the armed forces at the end of this war, which will also see millions of workers quitting war plants. The potential unemployment problem, therefore, will be much more severe after this war than after the last one.

There is general anticipation that the war with Germany will end before the war with Japan and that there will be a considerable interval between the two. Demobilization of our armed forces consequently should be protracted, rather than sudden.

Estimates are made that immediate post-war unemployment will total 15,000,000 or more, but their fallacy is that they concentrate in one brief period all the adverse factors consequent upon the war's ending, and postpone all the favorable ones to a later period. Actually, the adverse factors will operate more or less simultaneously with the favorable ones, and the transition period will already be under way when peace comes.

The Transition Period

Industries not requiring reconversion to produce civilian goods, like textiles, apparel, furniture, lumber products, and paper and allied products, will begin to level off at a lower rate of operations. Industries requiring reconversion, like the automobile industry, will probably take several months to reach the bottom of their employment levels. The relation between production and employment will be affected by a declining workweek, by declining productivity, and by the retention of employees to aid in reconversion. These factors wil be particularly apparent during the transition period and in industries where considerable adjustment has to be made.

Because of high domestic and

(Continued on page 1506)

Attractive Situations

Crowell-Collier, Farnsworth, and Federal Water offer interesting possibilities according to memoranda on these situations issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of these memoranda may be had from the firm upon request.

Walter M. Hall Opens Advisory Service

Walter Merrill Hall, for many years a partner of the New York Stock Exchange firm of Callaway, Fish & Co., announces the resumption of investment advisory service and the opening of an office at 115 Broadway, New York City. Mr. Hall offers personal investment supervision, portfolio management and general market analysis for individuals and corporations.

Denver & Rio Grande Western Interesting

Pflugfelder, Bampton & Rust, 61 Broadway, New York, members of the New York Stock Exchange, have prepared a most interesting chart on the Denver & Rio Grande Western Railroad, which is creating new securities through arbitrage. Copies of the chart may be had from the firm upon request.

Dumont Laboratories Holds Luncheon

Frederick D. Gearhart, Jr., of the investment firm of Kobbe, Gearhart & Co. of New York attended a luncheon given in Passaic, N. J., last Friday by Allen B. DuMont, President of the Allen B. DuMont Laboratories, Inc. Informative talks and exhibits pertaining to the activities of the company constituted part of he affair.

Sen. Taft Denounces Proposed Internat'l Bank As Part Of New Deal Program Of Deficit Spending

Senator Robert A. Taft on Oct. 11 said that he would oppose the Administration's proposal for a world RFC bank by carrying his right against it to the Senate floor with a denunciation of the plan as "part of the general New Deal program to create new methods of deficit spending," said an Associated Press dispatch from Washington, which added:

Senator Taft, who is a member of the Senate Banking Committee which heard Secretary of the Treasury Henry Morgenthau, Jr. explain the bank plan at a recent closed meeting, told a reporter he was "opposed to making loans to other countries in the guise of investments."

"In effect," Senator Taft declared, "all of the money to be loaned abroad by the bank would come from the United States. It seems to me that after the war we are going to have to make emergency loans to other countries for working capital and rehabilitation of plants and machinery, but I believe those loans ought to be made directly by this government under authority of Congress."

As outlined by Mr. Morgenthau, the proposed international bank would have $10,000,000,000 in capital, of which the United States would furnish $3,500,000,000, Great Britain $1,000,000,000 and other countries the remainder. The bank would make loans for rebuilding of war-damaged cities and other such projects.

Senator Taft expressed the conviction that administration of the bank might be controlled by prospective borrower countries, since its affairs would be carried on by a board of directors on which all members would have one representative. Voting power, however, would be closely related to shareholding.

"While I would approve a general policy of making loans for post-war relief and rehabilitation, it seems this bank would be a permanent institution," Senator Taft said. "I disapprove heartily of any permanent international lending agency because I believe it would be a repetition of what happened after the last war when we made loans to bring about an artificial stimulation in exports.

"Any operation of that kind is bound to collapse, just as the last attempt did in 1929, and cause a worse situation than if there never had been any loans made at all."

The Ohio Senator thought that if rehabilitation and relief loans were made to other countries immediately after the war they ought to be limited to "two or three billion dollars a year for a couple of years and then scaled down to about a half billion dollars yearly."

The Effect Of War On Currency And Deposits

With $15,000,000,000 more money of individuals and business firms invested in Government obligations as a result of the Third War Loan just ended, a timely study has just been released by the National Bureau of Economic Research elucidating the various respects in which war financing bears upon inflation during the war and after it.

The most spectacular fact about the Government's war financing, the study points out, is the increase in the nation's money supply which has resulted from it. Accompanying this, and an important factor in the problem of averting inflation after the war, is a similar unprecedented increase in "liquid claims" against the Government, principally War Savings Bonds.

If redemption of these and other "liquid claims" is called for in large volume in the immediate post-war period, this could result—by recourse to governmental bank borrowing—in a further increase of the nation's money supply at the time. Thus the two phenomena, the study points out, are closely linked.

The study is entitled "The Effect of the War on Currency and Deposits" and its author is Dr. Charles R. Whittlesey, of the University of Pennsylvania. It was published by the National Bureau of Economic Research, of New York, and is one of a series prepared by that body under the general direction of Dr. Ralph A. Young, of the University of Pennsylvania, with grants from the Association of Reserve City Bankers and the Rockefeller Foundation.

The report opens with the statement that the increase of the nation's money supply which took place between June 30, 1939, and the beginning of this year—roughly $37,000,000,000—was greater than the total increases that had accumulated in the entire preceding century and a half of the nation's history.

It was a far greater percentage increase than occurred during the First World War. Yet, the study points out, the rise in prices during the present war has so far been much more moderate than in the First World War and in the Civil War, because of a variety of factors which are analyzed.

"Money Hoarding" Does Not Explain the Increase

One phenomenon of the current situation which in some quarters has been regarded as symptomatic of money hoarding—the great increase of currency in circulation, from roughly $6,000,000,000 on June 30, 1939, to roughly $16,000,000,000 on June 30, last—is a continuation of a twenty-five year trend, according to the study, greatly accentuated during the war by the monetary necessities of enormously increased production.

It is almost entirely accounted for, according to Dr. Whittlesey, by millions of more workers, higher hourly wages, more hours of work per laborer, and the consequent need for more payroll cash in plants and offices, and till

(Continued on page 1505)

Seaboard Air Line Plan

L. H. Rothchild & Co., 120 Broadway, New York City, have prepared an interesting study of Special Master Taylor's plan of Reorganization for the Seaboard Air Lines; some of the ideas suggested in this study are to be decided by the court at the hearing now scheduled for Oct. 25 before Federal Judge W. C. Chestnut in Baltimore.

Copies of the L. H. Rothchild study of the Plan may be obtained from the firm upon request.

Patterson Says War Department Has Unspent Balance Of $119 Billion

Robert P. Patterson, Under-Secretary of War, told the Joint Congressional Committee on Reduction of Federal Government Expenditures on Oct. 8 that the War Department had an unexpended balance on Aug. 31 of $118,909,000,000. Of this amount, a total of slightly more than $64,000,000,000 had not been obligated for expenditure under contracts, Mr. Patterson reported.

The Under-Secretary also advised the committee that the War Department reduced its civilian personnel by 145,564 between June 30 and Aug. 31.

Senator Byrd (Dem. Va.) Chairman of the committee, commented that he thought the figure was "misleading" since testimony was lacking as to how many of the civilians had been supplanted by military personnel.

Associated Press Washington advices, from which the foregoing is quoted, also reported:

Mr. Patterson said the Department's civilian pay roll contained 1,348,803 names on June 30 and 1,203,239 on Aug. 31. Of the total reduction, he said, about 3,500 were cut off in Washington, the remainder in the field.

Senator Byrd said the committee was "disturbed" because as nearly as he could ascertain half of the War Department's civilian employees were doing clerical work, while in the Navy the ratio is one clerical employee to every five engaged in actual war production.

The Committee sought unsuccessfully to find out exactly how the reported reductions were made, how many soldiers had been put to work on jobs formerly performed by civilians, and the number of uniformed men engaged in clerical work in Washington.

The Committee's goal is a reduction of at least 10% in the total Government civilian pay roll of more than 3,000,000 men and women.

In the course of his testimony on expenditure of Army funds, Mr. Patterson said the Army's present personnel goal of 7,700,000 by the end of this year, "may have to be increased." He asserted that Gen. George C. Marshall's decision to reduce his original goal to this figure from 8,200,000 was made "without prejudice to his authority to raise the Army to 8.2 million if the situation demands."

He said it was the Army Chief of Staff's "urgent desire" that "at no time shall there be one man in uniform whose services are not required."

"It should be emphasized that the Army of 7,700,000 by Dec. 31, 1943, is the minimum which the Chief of Staff states is required to carry out the planned military operations," he testified. "It may have to be increased."

Senator Nye (Rep., N. D.) asked Mr. Patterson to what extent lend-lease aid from the United States had been transferred from one ally to another. The North Dakotan said he had heard "in the last few hours" (an apparent reference to the reports of the globe-touring Senators) that considerable aid had been so transferred. Mr. Patterson said he understood some such transfers had been made by Great Britain to Russia and Turkey.

Turning to a discussion of renegotiation of war contracts, Mr. Patterson said the War Department had recovered about $3,000,000,000 by such renegotiations—$1,000,000,000 in cash and $2,000,000,000 in the form of reduction on future deliveries. After the war, he predicted, the Department would be criticized for not cutting prices deeper through renegotiations, rather than for ordering too large reductions.

Railroad Securities

The Delaware & Hudson voluntary readjustment plan, whereby the first and refunding 4s which matured last May are to be paid 10% of principal in cash and the balance in extended 20-year 4s, is finally to be consummated. The company has announced that payment of the cash and exchange of securities will be made on Nov. 1. At the same time semi-annual interest for the period ended Nov. 1 will be paid in cash. Final consummation of the plan has stimulated a considerable amount of interest in the bonds and many rail men are convinced that materially higher prices will be witnessed as investors become more fully familiar with the improved status of the extended bonds.

The old bonds have recently been selling "flat" around 80. Deducting the $100 cash on account of principal that will be paid on Nov. 1, and the half-year's interest, this price for the old bonds represents a net cost of only $680 for $900 face value of extended 4s, or at a rate of $755 for each $1,000 extended bond. This appears as a low appraisal of the lien which has been strengthened by a reduction in principal amount and in fixed charges, and which will benefit from quite liberal sinking fund provisions.

The maximum amount of new extended bonds to be outstanding with the public will be $43,000,000. Until this has been reduced to $25,000,000 there will be an annual sinking fund equivalent to two-thirds of the consolidated net income of the railroad operating corporation and the holding company. The extension plan also provides that the holding company must dispose of its investment securities before May 1, 1946. From the proceeds of such sales, the first $5,000,000 realized will be divided equally between the sinking fund and the company for general corporate purposes. All proceeds in excess of $5,000,000 will be placed in the sinking fund.

The largest investment item consists of 304,600 shares of New York Central common stock. This alone has a present market value of more than $5,200,000. As of the end of last year, there were other smaller holdings of railroad bonds (mostly reorganization situations) which have advanced sharply in price in 1943. The largest of these, St. Paul and Frisco, alone have a present market value of about $1,170,000. Sinking fund proceeds from the sale of securities could well, in themselves, run to as much as 20% of the present market appraisal of the entire extended bond issue, to say nothing of the funds coming into the sinking fund from current earnings. It is from these potentialities that much of the current optimism stems.

In announcing final consummation of the readjustment plan, the management has also issued invitations for tenders of the old, unextended, bonds, the bonds acquired to be used to meet sinking fund requirements of the future. Tenders will be accepted up to Oct. 19. So long as the present boom in railroad traffic and earnings continues the liberal sinking fund provided will result in a necessitous rapid paring of the extended debt. It is indicated that operations at the 1941-1942 level would produce average annual funds of $3,734,000 for the sinking fund, equivalent to about 11.5% of the present market appraisal of the entire new extended issue.

The tax burden of the railroad operating company has been mounting in the current year but, nevertheless, net results in recent months have been running consistently ahead of a year ago. For the eight months through August net operating income was 5.2% above the like 1942 period and for the full year earnings should run at least as high as they did last year. The sinking fund from 1943 earnings, which the company apparently hopes to meet through the current request for tenders, may well run between $4,000,000 and $4,500,000.

Barring a sharp, and unexpected, collapse in earnings, the sinking fund from 1943 and 1944 earnings coupled with proceeds from sale of the holding company's securities could well realize the goal of reducing the extended bond issue to $25,000,000. Reduction to such a level would go far towards completely restoring the road's once high credit standing.

Chicago Brevities

The dream of the City of Chicago for many years of a subway is scheduled to become a reality this Saturday, when the first link of a system which has been under construction for nearly six years is placed in operation. Ceremonies will be held that day, during which Mayor Edward J. Kelly will cut a ribbon in the subway tubes to signify their readiness for use, and revenue operation will begin at midnight the same day. Opening of the first link of the system will mark one of the major advances in local transportation in Chicago since the city was incorporated in 1837.

The link to be placed in operation will extend from the near North Side through the downtown Loop area underneath State Street, the principal shopping thoroughfare, to a point on the near South Side. The subway will hook up with the elevated lines of the Chicago Rapid Transit Company, a portion of whose trains will use the tubes. It is estimated that some 70,000,000 passengers will be transported through the tubes in the first year of operation. Use of the system is expected to save regular users anywhere from eight to 22 minutes a day.

While the first link of the system will be placed in use, other routes, in various stages of completion, may not be placed in operation for some time. Construction on the other links has been held up because of priorities on necessary materials.

Ground Broken in 1937

Construction of the link to be placed in operation Saturday began Dec. 17, 1938, when ground was broken on the near North Side by Mayor Kelly. Cost of the route is approximately $34,000,000. Part of the cost of this link, as well as portions of the costs of routes under construction that will extend to the west and northwest sections of the city, is being paid by the Federal Government. It's contribution to the subway system totals $23,130,000. The city's share is $34,270,000 and is being financed from a traction fund that was established in 1907 for the purpose of using local transportation franchise receipts to modernize local transportation.

City officials describe the new subway in glowing terms. They say it is recognized as the most modern in the nation, if not in the world. Its ventilation, they declare, is unexcelled in any subway, and it is the first system of tunnels to use fluorescent lighting for illumination. Stations are equipped with the most modern type of escalators, which connect train platforms with mezzanine stations, and operating noises are reduced to a minimum by the use of heavy, welded running rails that rest on resilient pad insets in the tie plates. Safe operation is assured by the latest type of signal and automatic train control equipment.

Unified Transfer System

Meanwhile, another forward step in Chicago's local transportation set-up was taken this month, when a city-wide transfer system at a 10-cent fare was inaugurated on an experimental basis by the Chicago Surface (street car) Lines, the Chicago Rapid Transit (elevated lines) Company, and the Chicago Motor Coach (bus lines) Company in compliance with an order of the Illinois Commerce Commission. Previously, arrangements were in existence providing for the interchange of transfers between the bus and elevated lines and between the street car and elevated lines, but there were restrictions as to the intersections where transfers could be presented. It had been impossible to transfer from a street car to a bus, and vice versa.

Under the new setup, a street car rider can transfer to the bus or the elevated lines. Similarly, passengers originating on the bus lines may transfer to the street car or elevated lines, and persons starting their journeys on the elevated lines may transfer to the bus or street car. All three transportation mediums, however, cannot be used on the same fare.

Intersections at which transfers may be interchanged were increased under the new arrangements from 82 to 354. Of these, 186 involve the new service between the street car and bus lines. Transfer points between the elevated and the bus were increased from 25 to 45, and transfer points between the street car and the elevated were increased from 57 to 123. Persons using the street car exclusively continue to pay an 8-cent fare, although, if they desire to transfer to the elevated or the bus, they must pay 10 cents.

Unification Problem

While these forward steps were taken, the question of unifying the properties of the elevated and street car lines, both of which are undergoing reorganization in the Federal Court, still is the subject of lively discussion. The Illinois Commerce Commission earlier this year rejected a plan to unify the two properties, a decision which now is being appealed in court. Meanwhile, a five-man committee appointed by Federal Judge Michael L. Igoe, who has jurisdiction over the reorganization cases, recommended separate reorganization of the elevated and street car as a step toward complete integration and unification of all local transportation facilities. The committee informed the court there was no way to amend the original unification plan to meet the approval of the Illinois Commerce Commission.

Mayor Kelly, irked by his efforts to effect unification of the elevated and street car lines, has warned the City Council to be "prepared to act with expedition in another direction without further unnecessary delay" if efforts to achieve unification come to naught. Some talk is that the Mayor might recommend municipal ownership of the traction systems, which is being advocated by some local parties.

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Chicago Recommendations

Adams & Co., 231 South La Salle St., offer interesting investment situations in three Illinois **coal companies**, data on which may be had upon request.

A. A. Bennett & Co., 105 South La Salle St., have prepared an interesting circular on the post-war outlook for **railroads.** Copies of this circular may be had upon request from the firm.

Brailsford & Co., 208 South La Salle St., have recently published reports on the **Chicago surface lines**, the first dated Sept. 16 and the second Sept. 25. Also available for distribution is a recent report on the **Chicago, North Shore & Milwaukee Railroad.** Copies of all these circulars are available on request.

Caswell & Co., 120 South La Salle St., will send on request recent analyses of **Liberty Bakeries Corp.** $4.00 cumulative preferred; **Reliance Steel** common, and **Hammond Instrument** common.

Enyart, Van Camp & Co., 100 West Monroe St., offer their quotations and data service on **Chicago and Suburban Bank Stocks** on request.

Faroll Brothers, 208 South La Salle St., have analyses of **Merchants Distilling Corp.** and **Standard Silica** common stocks. Standard Silica was recently qualified in Missouri. Copies of these analyses may be had on request.

Hicks & Price, 231 South La Salle St., have available an illustrated up-to-date brochure on **Colorado & Southern** 4½s of 1980. Copies will be sent on request.

Ryan-Nichols & Co., 105 South La Salle St., has just prepared a special analysis of the **Struthers Wells Corp.**, which is available on request.

Now that the Third War Loan is over, and happily was more than successful, the attention of the public is again turning to corporate bonds, with the rails continuing to hold the center of attention.

Thomson & McKinnon devote considerable space to them in their this week's **"Bond Review"** with special articles on **St. Louis & San Franciscos** and **Chicago & North Westerns.** They also comment at length on **Railroad Earnings** in their current **"Stock Review of the Week,"** and have just issued a special release on **Allegheny Corp.**

Anyone interested in obtaining a copy of any of these items may obtain them, without charge, by addressing **Thomson & McKinnon, Statistical Library**, 231 So. La Salle St., Chicago.

The Future Of The Public Utility Industry In The Post-War Era

The public utility industry is unique in that it will benefit from the cessation of hostilities sacrificing but little of the gains it has derived from the war activity. With the coming of peace, the companies' costs should decline and they should then be in a position to proceed with the expansion program inaugurated prior to hostilities. They are most fortunate in that there is no physical re-adjustment necessary as is the case with most industrial companies. Their operations should continue without interruption as they did in the change over from peace to wartime activity. This industry may be said to be the only one which was prepared to immediately assume the obligations placed upon it by the large demands for its services brought about by the war.

Public utility income available for dividends has been severely depressed by an ever-increasing tax burden, but it would now appear that since a ceiling seems to have been reached on our military expenditures, the future could bring consecutively lowering national budget requirements. This means lower taxes or at least no increase in the present rates. Therefore, what little business may be lost with the coming of peace by the utility industry may be compensated for by a more favorable tax payment. Further, this loss of income from the reduction in the use of low-priced electric power for commercial purposes should, in all probability, be absorbed to a very large degree by a substantial increase in the use of power at higher rates for home consumption (light, heat, refrigeration, laundry work, etc.). With the above factors in mind, we are inclined to view favorably the purchase of well managed operating companies for the satisfactory returns currently being afforded and also the purchase of holding companies' securities whose equity is substantially above current market prices.—*Andrew F. Lynch, Statistical Department, Abraham & Co.*

Railroad Securities Look Good For Peace Time

Vilas & Hickey, 49 Wall Street, New York City, members of the New York Stock Exchange, have prepared for distribution an attractive reprint of the address of Arthur C. Knies on "Railroad Securities in Peace Time—a Basic Change in the Making," given before the Los Angeles security brokers and dealers at the Los Angeles Stock Exchange.

Cons. Natural Gas Co. Situation of Interest

Consolidated Natural Gas common w. i. offers attractive possibilities, according to Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. An interesting circular upon the company may be had from Reynolds & Co. upon request.

Readers Comment On "Planned Economy And Free Enterprise" By Clyde William Phelps

In an article published in the "Chronicle" of Sept. 16, Doctor Phelps discussed in detail the extent to which governmentally-planned and directed economy has influenced what he describes as the "retreat from competition" in this country. Apropos of the views expressed in the article, the following comments have been received:

BEN STEWART
Portland, Maine

It gladdens the heart of mankind to read Doctor Phelps' so sane, so thoughtful, so hopeful an exposition of the economical and political path that leads us up and out of the abyss. Anyone who reads this article should hesitate before joining the mob and the smear campaign against our professors of economics. Professor Phelps has diagnosed the fatal malady that has sickened the whole U. S. A. and hourly threatens our very existence. Let us all read Phelps and forget our oncoming Civil War in the U. S. A.

CLARENCE H. HAINES
Watertown, Mass.

Doctor Phelps' article, "Planned Economy and Free Enterprise," in the "Chronicle" of Sept. 16 leaves me slightly bewildered as to his real viewpoint. It sounds like an epitaph on the political economy we have known and a rationalization of why "our destiny" of a planned economy will not work. May I present some views of the other side?

We have not an unlimited free enterprise system and necessarily have not had one for many years. Before going on it might be well to define free enterprise. My understanding of the term is: a system whereby any individual or group of persons, as a partnership or corporation, may at any time and anywhere promote, organize and transact any form of business, using any facilities and continuing to do so as long as they do not trespass on the private property rights of others. Because of the common welfare and the public convenience, it has become essential that some limits be placed on free enterprise which pari passu involves a "Retreat from Competition."

For example, not so many years ago there were several telephone systems in some communities, but public convenience demanded one system—"A Retreat from Competition."

Up until a short time ago almost anyone—with or without experience—could start a bank in any community. Unfortunately the outcome of such a laissez-faire system is too well known. Now there must be a definite need for a bank in a community before a charter will be granted—"A Retreat from Competition" and another milestone on the road to a planned economy!

Much of the politico-economic progress made in the past 10 years and now accepted as being for the common good was stigmatized as Socialistic only 15 years ago. Now planned economy is being stigmatized by various organized groups who mistakenly think that their corporations gain an advantage by continuing cut-throat competition in a laissez-faire economy.

Planned economy means the using of statistical surveys by a Federal bureau, with interpretation by trained economists, and the issuance of estimates for the most economical use of our production facilities. It would tend to decrease inflation and deflation of inventories and consequently lessen our employment problems.

Democracy is representative government directed by delegated authorities for the regulation of our society in the best interests of the majority. If a planned economy and a limited free enterprise furthers that end, then that is the American way of democracy.

Brown Bros. Harriman Is 125 Years Old

The firm of Brown Brothers Harriman & Co., private bankers, observed its 125th anniversary on Oct. 11. It is one of the few institutions in the country with a continuous business existence of a century and a quarter. Today, with principal offices in New York, Boston and Philadelphia conducting a complete domestic and foreign banking business, the firm's total resources are in excess of $160,000,000. In addition to its commercial banking activities, Brown Brothers Harriman & Co. are members of the principal security exchanges and act as brokers in the purchase and sale of securities as well as investment counselors.

The partners of the firm are Moreau D. Brown, Thatcher M. Brown (both direct descendants of the founders), Prescott S. Bush, Louis Curtis, E. Roland Harriman, W. Averell Harriman (recently appointed U. S. Ambassador to Russia), Ray Morris and Knight Woolley.

The firm was established in Philadelphia on Oct. 10, 1818, by Alexander Brown and three of his sons. A fourth son returned to England and founded the business which later became the well-known London banking house of Brown, Shipley & Co. In its early days, Brown Brothers engaged principally in foreign trade, but banking operations gradually became an important part of its activities and the mercantile operations were superseded by the banking functions. The New York office was opened at 191 Pearl Street in 1825, the year in which the Erie Canal was completed. In 1833 this office was moved to 59 Wall Street, at which address it has remained for the past 110 years. The Boston office was opened in 1844.

The present title of the bank dates from the merger of the businesses of Brown Brothers & Co., Harriman Brothers & Co. and W. A. Harriman & Co., Inc. The Harriman firms had been formed by W. Averell Harriman and E. Roland Harriman, the two sons of the late E. H. Harriman, a leader in American railroading and finance.

Col. Hall Appointed Chief Of Army Air Reconnaissance Staff

Colonel James Goodwin Hall, whose appointment as Chief of Reconnaissance of the Army Air Staff was announced in Washington, has been a member of the New York Stock Exchange since December, 1931. Colonel Hall was ordered to active duty in August, 1942, as a Major in the Army Air Force. He recently returned from England, where he commandad a Photo Reconnaissance and Mapping group with the Eighth Air Force.

During World War I, Colonel Hall served in the 111th Escadrille of the French Army and later as a Lieutenant in the United States Army Air Service. In 1931, he became prominent for his competition with Captain Frank M. Hawks, speed flier. Colonel Hall was born in Atlanta, Georgia. He is forty-seven years old.

Colonel Hall still holds his membership in the Exchange. His home is in Fort Worth, Texas.

Chicago Brevities

(Continued from page 1490)

COUNTY FINANCING

The move of **Cook County**, embracing the **City of Chicago**, to fund into a new bond issue its unpaid bills and judgments that exist as of Dec. 1, 1942, the end of its last fiscal year, is the subject of considerable interest in local financial quarters. An ordinance, which would authorize the county to sell an $8,346,000 flotation, has been submitted to the Board of Commissioners by Richard J. Daley, deputy comptroller of the governmental unit, and was scheduled to be approved early this week.

While the county has the contemplated issue all set up, providing for bonds maturing in 20 years and optional serially 1945-1961, it is expected that the actual sale of the issue will be delayed. The county was all set to proceed quickly a couple of weeks ago with the financing, but a stumbling block arose when the municipal bond law firm of Chapman & Cutler declined to submit a favorable legal opinion on the proposed issue until the validity of various claims to be funded was certified by the Illinois Supreme Court. This disrupted the plans of the county momentarily.

County's Financial Woes

The county has had definite financial difficulties in recent years and had more than $10,000,000 of unpaid bills and judgments on its books at the end of the last fiscal year. It obtained authority from the last session of the Legislature to fund the claims that existed as of the end of the fiscal period. The county then took steps to sell a funding issue under the terms of the Act of the Legislature, and the firm of Chapman & Cutler, as is customary, was retained to handle the legal details of the financing and to submit an approving legal opinion. The firm drafted the bond ordinance that was introduced by Mr. Daley.

While nothing on the subject has been said at meetings of the county board, it is definitely known that no approving opinion will be forthcoming until the various claims are certified by the State Supreme Court. It is expected that once the bond ordinance is approved by the County Commissioners, a friendly taxpayers' suit will be instituted in one of the county courts for an injunction to restrain the governmental unit from selling the bonds. Any decision handed down would be referred to the Supreme Court.

Court Action Sought

The suit would ask the courts to certify that the various claims were incurred for proper county purposes, were properly audited and approved by the Board of Commissioners, and were incurred prior to Dec. 1. Local financial quarters feel that this action should be taken so that no question ever can arise as to the validity of the bonds.

The reason, apparently, that underlies the insistence that court action be taken on the flotation, is an unfortunate experience that occurred on two issues of Chicago Board of Education bonds. These securities were issued to retire outstanding tax anticipation warrants. Years after the bonds were issued, the State Supreme Court ruled that bonds could not be issued to pay off tax warrants, and subsequently the validity of one of the Board of Education issues and part of another was challenged in court, with the subsequent default of interest payments. It, thus, is felt that steps should be taken to forestall any attacks on future bond issues of local governmental units.

G. S. Miller With Thomson & McKinnon

CHICAGO, ILL. — George S. Miller has become associated with Thomson & McKinnon, 231 South La Salle St. Mr. Miller, who has been in La Salle Street for 25 years, was formerly with Field, Glore & Co., and in more recent years with S. B. Chapin & Co.

Interesting Defaulted Rails

McLaughlin, Baird & Reuss, One Wall Street, New York City, have prepared an interesting circular on six selected defaulted railroad reorganization preferences. Copies of the circular discussing the situations in detail may be had upon request.

Lewis With Slayton Co.

CHICAGO, ILL. — Robert G. Lewis has become associated with Slayton & Company, Inc., whose main office is located at 111 North Fourth Street, St. Louis, Mo. Mr. Lewis was formerly with Selected Investments Co.

Real Estate Securities

4% Non-Cumulative Income Bonds With Stock Of New York Majestic Corporation

Owning And Operating The Majestic Apartments, Central Park West At 72nd St., New York City Present An Attractive Equity Situation

The property owned by the corporation has a frontage of approximately 204 feet on Central Park West, with depth of 177½ feet on 71st Street and 224 feet on 72nd Street. It is improved with a 30-story apartment building containing 1,403 rooms divided into 208 apartments in units of from two to twelve rooms. In addition, there are ten offices. The apartments are both simplex and duplex types. A special construction eliminates the usual corner columns or piers. This space, up to the 19th story, is used for glass enclosed porches, which can be transformed in the summer into open terraces. In the upper stories the "set backs" are so planned that large terrace space is provided for all apartments located on these floors. All apartments have spacious galleries and ceilings of extra heighth. There is a large solarium on the roof open in summer and enclosed with vita glass in the winter. Entrances to the buildings are provided on all three streets.

$9,839,400 of the subject bonds were issued pursuant to a plan of reorganization under Section 77B of National Bankruptcy Act. Holders of former Majestic Hotel Corp. first 6s received for each $1,000, a new $1,000 bond of this issue and 10 shares of common stock of the above corporation, evidenced by a voting trust certificate, 98,394 shares being issued, vesting 100% of the equity in the property to bondholders.

Shortly after the reorganization, the bondholders in referendum vote approved the placing of a first mortgage loan upon the property in the amount of $2,500,000, which provided for the payment of a balance of $94,295.03 of reorganization expenses and a reserve of $50,000 for first mortgage charges and sufficient funds to distribute $230 in cash as a principal reduction of each $1,000 income bond, which now is outstanding in the principal amount of $770.

Prior Lien

The original first mortgage placed upon the property in 1937 in the amount of $2,500,000 was held by the Mutual Life Insurance Co. and called for 4½% interest for the first five years, 4¾% for the next five years and for amortization payments of $50,000 per annum.

This mortgage was funded by a new loan from the Aetna Life Insurance Co. in August 1940; this mortgage runs until Dec. 29, 1947, calls for 4% interest and annual amortization of $50,000. The corporation has accelerated amortization payments, the sum of $62,500 having been paid in 1942. The balance sheet as at March 31, 1943, shows $2,250,000 outstanding, the next payment of $12,500 falling due Dec. 29, 1943.

Increased Occupancy and Earnings

We have been advised by the corporation that the annual rent roll of the property as of Oct. 1, 1943, with only one vacancy (a seven-room apartment) is $630,000 as compared to $588,000 as of Oct. 1, 1942, an increase of $42,000, and that this increase has been accomplished through additional leases rather than through any increase in rate. It would seem quite logical on this basis to assume that increased interest distributions will be the result. As distributions for December, 1942, and June, 1943, totaled ¾ of 1%, it follows that a sizable portion of the increased rent roll of $42,000 would be reflected in net profit available for distribution. The $8,825.98 earned but not distributed June 1, 1943, being less than the required ¼% multiple, must also be taken into consideration, as it has been carried forward as income in the current period. The sum of only $18,940.85 is required to pay a ¼% multiple of interest and the foregoing facts we believe substantiate our opinion that interest distributions will be increased.

Physical Condition

Since reorganization, the property has been kept in excellent physical condition. A complete Diesel steam heating plant has been paid for from earnings and during 1940-1941, the management replaced all stoves and refrigerators throughout the building. These replacements were all paid for from earnings and the result has been a substantial saving in maintenance expenses.

Provision for Sale of Property and Equity Position of Subject Bonds

Provision is made in the trust indenture that the property may be sold but for not less than $5,000,000 unless 40% in principal amount of bonds dissent thereto within 30 days after notice of such contemplated sale has been mailed to registered holders. In our opinion, the income bonds which carry 100% of the stock of the owning corporation are in a very excellent equity position. Our opinion is based on the following: At the time of the reorganization, the consensus of opinion as to value was undoubtedly $5,000,000, evidenced by the restriction in the indenture that the property could not be sold for less than $5,000,000.

Also the fact that the Mutual Life Insurance Co. loaned $2,500,000 shortly thereafter gives further credence to a $5,000,000 value. As the loan has been paid down to $2,250,000 as of March 31, 1943, the equity above the mortgage would be $2,750,000. This equity value allocated to approximately $7,500,000 income bonds outstanding amounts to about 37 cents on the dollar, or about $285 for each $770 bond outstanding. This value is approximately $200 in excess of the acquisition price in the current market and will increase as first mortgage is further reduced. As it is a well known fact that realty values are on the uptrend, it would appear that the subject bonds in relation to the facts and future possibilities are at present levels underpriced.

Tomorrow's Markets Walter Whyte Says—

Market now hugging dangerous point. A minor reaction can unloosen sufficient selling to bring about a violent setback. Rally potentialities limited by stock overhead.

By WALTER WHYTE

Last week this column felt that the intangibles clouding the market were too many and readers were therefore advised to slip out of long positions. Since that advice appeared the market declined, though at no time did this decline become disorderly enough to warrant calling it a market break.

* * *

The intangibles affecting last week's market are still present. The market is still hugging a precipice from which it can fall into a crevasse or, get a new hold of itself, clamber up again.

* * *

In taking last week's position I was aware that not only would losses be incurred but that this column, which tries to be a lone wolf, was following a mass opinion. But bitter experience has taught me that one never argues with markets. One either follows them or leaves them alone. Rationalizing the stock trend too often leads to grief.

* * *

Since April 8, the market, as reflected in the familiar averages, has done little. On that day the famous "hold the line" edict was handed down by the White House. On that day too, the averages were at about 136. Ten days later the market was at 138.83. A week later it was down to 134.40. Then followed two months of creeping advance with the market climbing gradually back to just under the 138.83 highs. Then came a burst of activity and it pushed through to 142.50, reaching that figure Sept. 20. All this time, being wary of the market, I kept aloof. On the previous rally we had been long, taken profits, and I saw nothing in the market to war-

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Noyes Says Free Enterprise System Is "In Balance Right Now"

Linwood I. Noyes in an address to the Newspaper Advertising Executives Association at Chicago, on Oct. 11, said "the country is ready to swing permanently away from capitalism into some form of State socialism" unless the leaders of capital assure the people that retention of the capitalistic system would carry with it freedom and opportunity; this was revealed in an Associated Press dispatch from Chicago on the same day which gave other remarks of Mr. Noyes as follows:

"Anyone who cannot read the signs pointing in this direction is blind, indeed.

"I believe capital and management, and consequently all business—is on trial in the minds of the American people," Mr. Noyes said. "I believe our free enterprise system is in the balance right now.

"It is possible that the end of the war may bring the end of capitalism, because our economic system has been and is being traduced, in the guise of war's necessity, to the extent that it will not be recognizable when peace comes and the country and the world settle down to normal pursuits."

He said he believed most newspapers were friendly to capital because they believed in the capitalistic system. "They realize important improvements have been made and others are due, but they believe these changes should be made voluntarily, and, therefore, constructively, instead of being forced on business by any unfriendly administration and in a destructive manner."

House Group Studying Various Tax Proposals

The House Ways and Means Committee was expected to wind up its public hearings this week on the Administration's $10,500,000,000 new revenue program calling for higher levies on individual and corporate incomes and on so-called luxury items. The Treasury's tax proposals were not received favorably by Committee members and, as a result, various substitute plans are under discussion, although the tax goal is likely to be lowered. Foremost among the possible substitutes is a proposed 10% retail sales tax which would raise about $6,000,000,000 in new revenue. However, the Administration is strongly against the sales tax and it is considered doubtful that the Committee would report out this recommendation despite the growing sentiment in Congress for such a measure. As to the Republican suggestion that the Federal Government reduce its expenses drastically in an effort to avoid a large tax bill, it is argued that this could not be done to any appreciable extent and that new taxes, therefore, are inescapable.

The Treasury witnesses' arguments against a sales tax were echoed on Oct. 7 by Fred M. Vinson, Director of Economic Stabilization, who told the Ways and Means Committee that he could not "hold-the-line" against inflation if a 10% sales tax were adopted since it would open the way for increased wages and farm prices.

Senator George (Dem., Ga.), Chairman of the Senate Finance Committee, declared on Oct. 9 that if the Victory Tax is repealed—thus removing about 9,000,000 persons from the tax rolls—the only practicable substitute would be a sales tax if this low income group was not to escape Federal taxation.

On the same day (Oct. 9), Representative Martin (Rep., Mass.), House minority leader, stated that Government economy would be made an issue in connection with any tax legislation.

Adoption of a sales tax was advocated on Oct. 10 by Representative Robertson (Dem., Va.), member of the Ways and Means Committee, while Representative Knutson (Rep., Minn.), ranking minority member of the group, issued a statement asserting that Republican members of the Committee are hopeful that necessary revenues could be raised without recourse to a sales tax and "would be very reluctant to replace the Victory Tax with the sales tax."

Representatives of the U. S. Chamber of Commerce and the New York Chamber of Commerce appeared before the Committee on Oct. 12 to urge a general sales tax.

The Treasury's tax program was referred to in our Oct. 7 issue, page 1415.

Electric & Water Revenue Situations Attractive

An analysis of basic factors relating to both municipal revenue bonds and tax-supported bonds—both enjoying the same tax exempt feature—indicates in the opinion of Blair & Co., Inc., 44 Wall St., New York City, that electric and water revenue bonds among others, offer certain advantages that entitle them to serious consideration for almost any investment program. Because of the essential nature of service it has been possible to maintain physical plant adequate to meet post-war needs, while greatly increased revenues during the war period have facilitated an accelerated rate of debt retirement.

The bankers declare that "revenue bonds should enjoy a comparatively high degree of stability in the post-war period and in periods of depression which may follow." While tax-supported bonds enjoy a broader market and consequently demand high prices, the survey notes that steps are being taken in many States to include revenue bonds in the list of eligible investments for savings banks and trust funds.

Copies of the analysis may be had from Blair & Co., Inc., upon request.

Ease Ban On Weather Data

Lifting of censorship restrictions on weather forecasts because of "improved defense and other war conditions" was announced on Oct. 11 by Byron Price, Director of Censorship.

Relaxing the rules against publication and radio broadcast of weather forecasts is the first such action since the war began. Newspapers had been confined to publishing weather conditions of their own localities. Effective at midnight, Oct. 11, official forecasts are usable except for mention of wind direction and barometric pressure.

Allegheny Interesting

Thomson & McKinnon, 231 S. La Salle Street, Chicago, Ill., have prepared a special study of the Allegheny Corp., which the firm believes offers an interesting situation at the present time. Copies of this study may be had from Thomson & McKinnon upon request.

A "Peace" Stock Now Enjoying "War" Prosperity

A "peace" stock now enjoying "war" prosperity is the Class A 7% cumulative participating stock of Hearst Consolidated Publications, according to an interesting memorandum just issued by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Copies of this circular discussing the situation in detail may be obtained from Scherck, Richter Company on request.

Political Security, Internal Stability Essential In Solving Post-War Prolems

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and a temporary boom. As demand diminishes, that boom may collapse with disastrous results."

Turning to the international monetary stabilization plans, he said that none can be successful, "except as part of a much larger policy designed as a whole to secure normal stability in the most important countries." "For," he continued, "since they aim by means of stabilizing exchanges in relation to one another in binding nations together, just as the gold standard did, so the economic changes in one nation will be transmitted to all the rest, and particularly since you are so much the most powerful nation economically your ups and downs will affect us all. Therefore we are deeply concerned with your stability and your prosperity."

Discussing the prospects of an expanding world economy, Mr. Brand told his listeners that "a truly flourishing international trade requires stable exchanges; stable exchanges require that each nation shall have sufficient liquid reserves to protect its position through seasonal or cyclical fluctuations. Moreover, international trade will flourish best under conditions of freedom and non-discrimination."

He described the different plans put forward for an international Clearing Union or for currency stabilization — the Keynes, the White and the Canadian plans—as having as their first and primary aim the desire to provide all the member nations with liquid reserves—sufficient international purchasing power. "Such reserves," he said in his remarks which he termed of a wholly personal character, "are necessary for various reasons. In the first place, international buying and selling is never absolutely balanced. Some nations have deficits, others surpluses. Temporary deficits which liquidate themselves are financed by the mechanism of short-term banking credits. On the other hand, when the deficit is more permanent, for example, where it is due to the requirements of a rapidly developing country, long-term loans from the surplus countries are necessary."

Suppose a highly-developed country were to maintain a high level of activity within its own borders, he said, its imports as all experience shows, would as a direct consequence greatly increase to the benefit, of course, of the exporting countries, the speaker explained. "But unless the rest of the world were to achieve a similar state of activity and to buy the importing country's exports to an equivalent degree, the result would be that it would face a deficit."

To avoid this, he stressed, is the main objective of the British, American and Canadian schemes. He described them as a starting point. "The provision of liquid reserves for all member countries will enable them to start off with some confidence. What happens in the longer run depends on the capacity of each member country to conduct its affairs with prudence and also with an eye to its duties as a good neighbor."

In full, Mr. Brand's address follows:

The last time I had the honor of addressing the American Bankers Association was at Atlantic City in, I think, 1917. That is 26 years ago. As in this war, I was then acting temporarily as a British Government official in Washington. In the last war I was looking after munitions; in this war, food. But my normal profession for the past 35 years has been that of private international banking, a profession which is accustomed to criticism but which I know to be a most honorable and useful one. In the course of these exceedingly troubled 24 or 25 years I should, like the rest of us, have learned a great deal more than we knew before about the world in general, and about monetary and economic affairs. But I have to confess that such is the complexity of the world, so limited is human foresight, that I feel far less competent to forecast the future now than I did 26 years ago. I may have more prudence, but in consequence possibly less power to interest you. Nevertheless, I shall venture to give you a few reflections on certain after-war economic and monetary problems which face all of us, though the subject is so large that I can do no more than sketch with the very broadest brush. It should, however, be possible to place certain problems common to all of us in perspective, to see some of the woods at any rate instead of getting lost in the trees.

What sort of a world do we face after the war? We have, in my opinion, to bear in mind that during it our peoples have had full employment and high wages. After it they will not be content with less without a very great struggle. It is perfectly true that full employment under war conditions could not be very long maintained; that it is only secured at the expense of the gradual deterioration of a nation's capital, and of sacrifices on the part of the population which in peacetime they would not endure, and that if such conditions were long continued they would lead to a breakdown. But it can be reported that the war has at least shown how immensely national production can be increased, if only there is an assured market. In wartime, this market arises from Government orders of all kinds. But in peacetime, if we could only tap it, there should also be an assured market in all the unfulfilled wants of the ordinary man and woman. Thus it will be argued that if under our present system this unfilled demand cannot be married with this potential power of supply, so much the worse for the system, and we had better try another one. So, as upholders of the present system, we shall be on our mettle.

I can perhaps divide the problem facing each great industrial country into an internal and external one. An internal market for a country's productive capacity can be found by enabling each consumer to obtain what he requires for as high standard of living as the possibilities of production coupled with its foreign trade allow. And by "obtain" I mean "earn" by work profitable to the community and not obtained by charity. That indeed is the crux of the whole problem. In wartime the Government is the market. It does not have to earn the means to buy. It takes it through taxation and loans. In peacetime the wants of millions of consumers make the market. How can they earn the means to buy? By finding employment and thus doing in one of a myriad forms services to the community. How then can each individual in the community be put in a position to perform such services for the community as will in return entitle him to such a share in its productive output as will give him a good living? For, I repeat no general solution is to be found through charity either for persons or nations. Both persons and nations must pay and be enabled to pay their way. Take, for instance, the standard of living of your Southern population which is lower than that in the North and should be raised. The problem then is, how can each consumer in the South be enabled to perform services to the community sufficiently valuable to entitle him to increase his purchases and in this way to help keep your productive capacity employed? Obviously, that is a many-sided question, into which I cannot enter here. It faces one indeed with every problem which plagued us before the war. But its basis is the consumer. Must the problem be solved by the State, as in Russia, so to speak, knocking together the heads of each citizen as consumer and producer — in other words deciding what the consumer wants and then by State enterprise doing its utmost to see that that amount is produced and distributed—or can we solve the puzzle through private enterprise, more like bees in a beehive?

A similar question arises in the external sphere. How can a nation with productive power on the one hand and wants which can only be fulfilled from abroad on the other, be enabled to buy what it wants by selling to other nations what they want and what it can produce more efficiently and more easily than they can? We all know that the great benefits of international trade could be greatly increased, if we could only devise the framework, in which such trade could prosper. Again this is not a matter of charity but, as in the case of the individual, is to be solved by the exchange of goods and services, at bottom indeed by bilateral or multilateral barter. The exporting country cannot give away its exports for nothing; at least it will not do so for long. On the other hand, no upstanding country will accept charity. In other words, the exporting country cannot be paid except by imports. It may decide indeed it will balance its position by importing gold, or of course it may lend its exports over a long period. But I would point out, and this I believe to be important, that its power to lend will again depend ultimately on its willingness to import. For only by importing can it receive interest and redemption payments, and if it does not receive these it will not go on lending. England, for instance, could lend great sums over many years in the 19th and 20th centuries because she was also a great importer.

While there is no single or easy solution for these great problems, it is not difficult to indicate certain conditions without which they cannot be solved.

The first condition, is of course, that the world must be really at peace and that confidence in the long-term outlook should be restored. It is wonderful how soon, given a chance, optimism returns to the enterprising. Nevertheless, political insecurity undermines confidence and subjects enterprise to risks which are incalculable and beyond the capacity of any but governments to bear.

The second condition is that something like internal stability, whether of production, employment, prices, relation between supply and demand, and other economic conditions, shall be maintained in the great industrial and trading countries and particularly, because of its overwhelming economic strength, in the United States.

The third and of course very closely related to the second is that stability of exchanges among these nations, in other words equilibrium in the balance of payments as a whole, including loans, shall also be maintained.

Stability and equilibrium, whether internal or external, in this world of endless, continuous, daily, and hourly change are of course relative terms. Nevertheless, the immensely injurious effects of their opposites in the form of inflation and, perhaps still worse, deflation, booms and slumps, trade cycles, fluctuating exchanges and so on, are obvious to every one. It is difficult to see at any given moment whether all the most important economic factors are in equilibrium. I remember, for instance, that good judges thought that you were set on a permanent upward path in 1929. But in practice somehow in a very rapidly ascending scale of prosperity something gets out of step. It is the getting out of step which matters though it may be very difficult to define. If all the keys of the piano are in tune, then the tune can be played. But if even one of the keys goes wrong, then harmony is lost and confusion begins to reign.

Now if one takes first the question of internal stability in the great industrial countries after the war it is obvious that the greatest difficulties will face all of us. This war, still more than the last, though that was bad enough, will leave the waves of the world's economic ocean in the form of all sorts of disequilibria very high and they will only gradually subside. In your country and mine, for instance, we shall have a very large purchasing power in relation to the level of controlled prices and at first a very intense demand. If all the gates are opened, and all controls lifted, there is likely to be a great inflationary rise of prices at once and a temporary boom. As demand diminishes, that boom may collapse with disastrous results. And yet, with millions of men and women seeking ne wwork, a slowly diminishing control and a more moderate expansion may be exceedingly difficult politically to enforce, particularly since it will be imperative that the demobilized population shall be quickly absorbed. Take again agricultural production. In order to feed hungry occupied nations in the next few years we must necessarily step up agricultural production everywhere in reach. But when peace returns these hungry nations will at once set about with zeal producing once more the normal amount of their own foodstuffs. Thus scarcity might in certain directions before long turn into superfluity. There are indeed obviously possibilites of great ups and downs in the field of primary products, particularly foodstuffs, which will require carefully guarding against. Take again the fact that many nations have been upheld by lend-lease and mutual aid in order that they shall put forward their utmost efforts as belligerents. Immediately to adjust themselves so that they can meet out of their own exports, which may have dwindled to practically nothing, their absolutely minimum import needs to maintain their livelihood will be impossible. They must necessarily be given a little time to turn round, if chaos is to be avoided. If a man has suffered from a high, prolonged, and exhausting fever, he cannot be expected to get out of his bed and pursue his normal avocations the moment his temperature drops to normal.

These and many others will be the abnormal problems arising out of the war and are altogether apart from the longer term aim which we must also keep before us of minimizing what one may call the normal evil of the trade cycle.

That comparative stability should be maintained internally in each country, and severe inflation or deflation avoided, is the most fundamental need of all. Ow-
(Continued on page 1494)

K. H. Campbell Joins Foreign Trade Council

The National Foreign Trade Council announces that Kenneth H. Campbell joined its staff on Oct. 1 as Trade Adviser. Mr. Campbell was former Director of the Foreign Department and Manager of the Foreign Credit Interchange Bureau of the National Association of Credit Men. He was on leave of absence from the Association since April, 1942, serving the Government as Chief of the Exporters Service Division of the Board of Economic Warfare (now the Office of Economic Warfare), and since October, 1942, as Trade Relations Adviser in the same office.

Political Security, Internal Stability Essential In Solving Post-War Problems

(Continued from page 1493)
ing to the preponderant influence of your great country on the rest of the world, this is more important here than anywhere else and can only be secured by the wise control of events by the Government, by the banking system, and by industry. No international monetary schemes, such as those I refer to later on, can be successful, except as a part of a much larger policy designed as a whole to secure normal stability in the most important countries. For since they aim by means of stabilizing exchanges in relation to one another in binding nations together, just as the gold standard did, so the economic changes in one nation will be transmitted to all the rest, and particularly since you are so much the most powerful nation economically your ups and downs will affect us all. Therefore, we are deeply concerned both with your stability and your prosperity. On the other hand, by the aid they give towards stable exchanges and by facilitating international trade, such plans will make other obstacles in the way of expansion and full employment so much the easier to overcome.

It is upon this problem of the world's external monetary arrangements that I wish now to say a few words. It is, of course, as a contribution towards going some way to solving it that the British, American, and Canadian Governments have recently published certain plans for a clearing union, a stabilization fund and the like. As an international banker they naturally have the greatest interest for me, and I am sure they must have for this audience. I must make it clear, however, that officially I have had and have no concern whatever with them. The following remarks therefore are of a wholly personal character. Nor do I intend to discuss or compare any of their complex details. My object is to set out certain general considerations which must be held in mind in any examination of them.

Even supposing the first wholly abnormal post-war period is safely past, we shall face a world in which few countries have many or any liquid reserves representing an internationally acceptable means of payment. With its immense gold stock and strong creditor position the United States will of course represent the one country of impregnable liquidity. There will be, no doubt, other creditor countries also. There will be others which produce gold and which will have, therefore, to that extent an acceptable international means of payment, so long as the U. S. Treasury continues to buy gold at a fixed price. There may be others, such as some occupied countries, which will also have retained reserves of gold or dollars. But speaking generally, the great bulk of countries, including the United Kingdom, will have quite insufficient international reserves for any freedom of action. How different, for instance, is the position of the United Kingdom in this respect from that which it held when I first went into the city some 35 years ago. Then we were lending the world about £200 millions, or say $800 millions a year. We had very great liquid foreign assets. The Bank of England had only to raise the rate of interest and gold flowed in from all the world. As has so often been said, the world's standard was then a sterling standard. But two great wars have wholly changed the picture. Our liquid foreign assets are gone; our indebtedness to foreign countries or countries within the British Commonwealth grows daily at a great pace. Nevertheless, our need for imports on a very large scale and consequently our necessity to export and for some liquid international capital to finance this great foreign trade have all grown also. Other countries in their degree are in the same position.

How then is prosperous international trade to develop? How are we to get that expanding world economy, that full employment on which all public men and economists rightly lay such stress? How, for instance, are the world-acclaimed resolutions of the International Food Conferences to be carried out if the nations which need ampler food imports cannot buy them in sufficient amounts because their exports are not great enough and because the nations which produce surplus supplies of food cannot in their turn sell them?

A truly flourishing international trade requires stable exchanges; stable exchanges require that each nation shall have sufficient liquid reserves to protect its position through seasonal or cyclical fluctuations. Moreover, international trade will flourish best under conditions of freedom and non-discrimination. Every one agrees that multilateral trade is immensely to be preferred to bilateral clearing arrangements, bilateral compensation, multiple currency devices, blocked accounts and so on. But nations do not adopt and develop these methods because they like them or because they want to damage other nations, but because they feel forced to adopt them when they have no reserves, no means left both to maintain their exchanges and yet develop their foreign trade except by methods which in one way or another approximate to barter. These methods may be barbarous compared to a truly international system. I am convinced they are. But, unless we can develop some workable international system, they may be inevitable.

I take it, therefore, that all the different plans put forward for an international clearing union or for stabilization have as their first and primary aim to provide all the nations, members of such schemes, with liquid reserves, i.e., with sufficient international purchasing power.

Such reserves, on which they can come and go, are necessary for various reasons. In the first place, international buying and selling is never absolutely balanced. Some nations have deficits, others surpluses. Temporary deficits which liquidate themselves are financed by the mechanism of short-term banking credits. On the other hand, when the deficit is more permanent, for example, where it is due to the requirements of a rapidly developing country, long-term loans from the surplus countries are necessary. A good example is the case of your own country, into which England, when she was the greatest surplus country, poured loans and investment money during the 19th Century, and which helped to enable you to turn yourselves from a debtor to a creditor country.

But there is a third set of causes which an economist writer in the "London Times" recently defined as the most vital problem of our age. We all talk of an expanding economy, of full employment, and so forth. But how do we secure them? Suppose that a highly developed country, aiming at these desirable ends, were to maintain a high level of activity within its own borders. Its imports, as all experience shows, would as a direct consequence, greatly increase to the benefit, of course, of the exporting countries. But unless the rest of the world were to achieve a similar state of activity and to buy the importing country's exports to an equivalent degree, the result would be that it would face a deficit. Under the old gold standard it would have lost gold and by this method either other countries would have been encouraged to increase their activity or the country losing gold would have had to restrict its activity. The gold standard, in fact, forcibly kept them in step. But the masses who are thrown out of employment by such an automatic system, which secures, as it does, equilibrium by at any rate temporary restriction, deflation, poverty and unemployment, demand in these days that their rulers shall examine whether the intelligence of mankind is not sufficient to secure that nations who wish both to buy and sell much more than they are doing cannot find some other and more rational means of maintaining equilibrium. If this is to be possible, expansionist countries must be able to rely on some international system of credit which will allow also of expansion in other countries so that the increase in their imports from the world will be quickly balanced by the increase of their exports to the world, and so that meanwhile they will possess liquid reserves with which their imports can be for the time being financed.

This is, I repeat, presumably, the main object which the British, American, and Canadian schemes all have in mind. The provision of liquid reserves for all member countries will enable them at least to start off with some confidence. What happens in the longer run depends on the capacity of each member country to conduct its affairs with prudence and also with an eye to its duties as a good neighbor.

For it must be recognized that these plans only provide a starting point. If nothing like equilibrium between countries can be achieved and if, even after taking into account international lending, some countries remain permanently in debit and others similarly, of course, permanently in credit, then there is no reason why the creditor country or countries should not absorb all the international reserves provided by these plans just as you have over a series of years absorbed $25,000 millions of gold, and thus bring them to an end.

In the words of the British plan, "Measures would be necessary to prevent the piling up of credit or debit balances without limit and the system would have failed in the long run if it did not possess sufficient capacity for self-equilibrium to secure this."

The British plan proposes much larger and more generous international reserves than do the other two. It proposes the creation of an international currency to be called bancor and for quotas of bancor to be distributed to each member nation by the Union. Thus, by this means what are called impersonal and anonymous credits are provided. There is, therefore, no immediate new indebtedness as between one member State and another, only potential indebtedness. And indeed member countries are never indebted as between one another, but are in debit or in credit to the Clearing Union as a whole. In other words, all debits and credits are pooled. A country which is at any one moment owed by all countries together an amount equal to what it owes all other countries is "out." It will be in debit to some countries and in credit with others, but if both sides of the ledger of the Clearing Union balance it has nothing to pay or to receive. On the other hand, a country which is in debit as a whole is in debit only to the Clearing Union, and a country which is in credit as a whole looks only to the assets of the Union as its security. Those assets will, of course, be in the main the I. O. U.'s of the countries in debit as a whole. In other words, the plan is based on a real pooling principle. I believe myself, if we are to have, as we all wish to have, multilateral trade, this pooling principle is fundamental. It rests on the assumption that equilibrium, and not simply current account equilibrium, but equilibrium as a whole, including international lending, is the target, and that for one country to have year in and year out a net surplus on its international transactions as a whole to obtain payment for which it feels bound to press for the permanent transfer to it of other countries' liquid international reserves, is as undesirable as it is for another country to have a permanent deficit; in fact, that the deficit is merely the shadow of the surplus and vice versa. Under the pooling principle it would be immaterial with which country another country traded. If one's exports, whether of goods, services, or capital, with all the world balanced one's purchases, one would have accomplished one's duty. If, on the other hand, a country either ran extravagantly into an unnecessary debit which it had no means of ever meeting or meeting only by severe methods of restriction, or, to take the opposite case, if a country sold far more to the world than it bought from the world and insisted on payment by means of forcing restriction and deflation on others, then both would be acting in an anti-social manner. Thus to provide countries with liquid international reserves is only half the battle. It is necessary that both surplus countries and deficit countries should, so to speak, observe the rules of the game and keep within bounds both on the credit and debit sides. This, of course, is far easier said than done. But these plans do not create or add to the difficulties of this problem. It will exist in any case and must face us whatever we do.

Perhaps one may define the underlying idea as being that deficits are not so much a sign, so to speak, of wrong doing, and surpluses a virtue, as they are evidence of different stages of development, or at this moment of time, of temporary poverty due to war sacrifices. It is true, of course, that countries like individuals can try to live beyond their means. As the British plan says, "If indeed a country lacks the productive capacity to maintain its standard of life, then a reduction in the standard is not avoidable." But what is aimed at in all these schemes is not only that the poorer countries, while being helped, should be persuaded to live within their means but that the surpluses of the creditor countries should not be so used as to deprive the weaker countries of their liquid international resources but rather be so used as to render the whole world, including the stronger countries themselves, more prosperous. Whether any of the plans fully achieve that object only experience can show. What is clear is that the problem is twofold, not one simply of equilibrium on current account, including visible and invisible exports and imports, but is inclusive of the whole question of international lending and the use of surpluses for such long-term lending. Both the American and British plans recognize this fact and indicate that further proposals will be made in this respect.

The British plan, being more generous in the provision of the means of international payment, has aroused the criticism that it will impose an undue burden on a creditor country, of which the United States is, of course, likely to be much the largest, by enabling debtor countries in effect to draw upon it too largely. It is argued that the possession of these reserves by the debtor countries might tend towards the United States surplus on its balance of payments becoming too great and that the country would end up not only with too great stocks of gold but too great reserves of the new international currency also.

But of course there is no compulsion on the United States or any other creditor country to have a bigger surplus with the British scheme than without it. Its surplus depends on its own policy. It is true that the international reserves to be provided enable the rest of the world to buy more American and more other exports. But no country need sell unless it suits it to do so. Or, if it does and if it finds a relatively sufficient increase in imports too difficult, it can balance its exports by means of long-term loans, as England did for so many decades.

The difficulties that American critics feel arise no doubt largely from the inherent conditions of the American situation. The United States is indeed too powerful a country economically to be always sure even with the best will in the world of being able to be a good neighbor in the sense of being able to prevent its ups and downs seriously affecting smaller countries. The American national income is a large percentage in value of the national income, or national production of the whole world. The United States is very largely self-sufficient. But American industries, great and small, find it valuable to export on a large scale. On the other hand, there is no such compulsion on the United States as there is on the United Kingdom to import very largely in order to live. She has in the past balanced her position in other ways, e. g. by travellers' expenditure, or by loans, and ultimately, and despite of other methods very advantageously for the whole world, by very great purchases of gold. Now it is proposed that she should balance it also by accepting, to the extent that she wishes to have a net surplus, an international token currency. But it should be held in mind that the amount of that surplus and, therefore, the holdings of such currency are within her own power to determine and can always be disposed of by increased imports or loans, or other international services.

We none of us can have our cake and eat it. England cannot get the import she needs without exporting; the U. S. cannot export much more than she imports in the way of goods or services unless she lends on long term credit or imports gold, or accepts some other token of international indebtedness. If none of these ways are acceptable, then exports cannot be paid for and must be diminished. All attempts to collect what is uncollectable will merely bring about general restriction and deflation.

Moreover, it must be remembered that unless the capital and labor of a creditor country are already fully employed on internal production, and particularly in times of depression, an increase of exports, even if it were to add to the creditor country's surplus in the books of the Clearing Union, would have important advantages of its own. Such exports would in the first place have employed labor and capital, which would not otherwise have been employed. But more than that, through what economists call the multiplier, i. e., the additional production, direct and indirect, fostered by the expenditure of the wages of those employed in making such increased exports, the cost of the gold received in payment for them would probably be

exceeded two or three times over by the increase in the national income. This advantage which has accrued in the past in respect to exports for which, for instance, you have taken in payment gold, would accrue equally if you were to take in payment an international currency.

In general indeed it must, I submit, be a truism than any system which tends to increase international trade everywhere and thus international prosperity will redound to the benefit of creditor and debtor alike. We all get rich or poor together. As a great creditor the United States can as an alternative to greater imports make larger loans. But, speaking generally, I regard it as more important to buy and sell than to borrow and lend. Of course there is room, when some nations are far more developed than others, for the richer nations to make long term loans to the poorer. (In parenthesis I may say that short term lending should be restricted to financing transactions which are in themselves short term.) But such long term lending has its own difficulties. Is it to be by the agency of government or private banks? If the former, all sorts of political questions will come up; if the latter, how far is the private investor prepared to take the risk?

Moreover, I consider certain limiting conditions should be observed in long term lending:

The first is that the borrowing country should see its way to make the loan sufficiently productive to pay in normal circumstances interest and redemption, and this in turn means that the lending country should buy sufficient imports from somewhere to enable such payment to be made.

The second is that the stream of lending should not be subject to too great variations. Here again the decades of the twenties and thirties have a lesson for us which most of you will remember well. If a borrowing country bases its whole economy on a large golden flow of lending and the flow is suddenly stopped, then it is inevitably thrown into disastrous confusion. Witness particularly the European and South American countries after 1929.

Turning now back to the main question, I should like finally to ask what is the alternative to some attempt to arrive at an international monetary agreement. There have been suggestions that what is called a key-country approach would be simple and more reasonable. By that, as I understand, is meant some stabilization agreement limited perhaps to the dollar and the pound sterling. I think that is too narrow a conception for present circumstances, though it would be better than a mass of purely bilateral arrangements. Much more of the world is concerned than the sterling area. A purely Anglo-American stabilization would leave out the great continent of Europe, which without Russia contains 350 million people and which has an international trade greater than that of Great Britain and the United States together. That this great continent should be saved from the fate which overtook it after the last war is perhaps the most important aim of post-war statesmanship. It behooves all of us, I think, to refresh our minds upon the events which then took place and upon the consequences of the chaos into which European countries were thrown by uncontrolled currency inflation. I had an opportunity both at the Peace Conference and in the years after, through the whole of the reparation and post-reparation, of watching things from the inside. I personally do not hesitate to say that it was in that period that the seeds of the present conflict were sown. It will, therefore, be of the highest importance that as soon as possible after peace all these countries should be brought back into some orderly economic relations as between themselves and with the rest of the world. This necessity, however, leads me to a further reflection. While I am all in favor of the principle of an international monetary agreement being arrived at now, I am doubtful whether a plan necessarily framed to suit more or less normal conditions will be able to bear the whole burden of the entirely abnormal needs of the immediate post-war world. It is this period which may be the most difficult to provide for. But, supposing such provision is made, it remains of the highest importance that thereafter the countries of Europe should share in the benefits and responsibilities of any international scheme. The world's peace depends more than anything else on Europe returning as soon as may be to conditions in which stability, employment, and a reasonable standard of subsistence make life tolerable. We must not force these countries into bilateralism and blocked exchanges, still less with huge unemployment and revolution. As an Englishman, I can judge of the pressures which may face these countries from what I know of the conditions of my own country. Let me describe them. To fill our stomachs, to provide the essential raw materials for our home industry, let alone our export industry, we must import on an immense scale. To secure our imports by multilateral trade is what we aim at, and what we consider to be a proper world-policy. That is no doubt why the British Government has elaborated a multilateral scheme. But failing such a plan, we must devise some other. Though it would be a second best, I have no doubt we can secure what we must have by other means. When there is a willing buyer and a willing seller, a transaction can always be concluded. There are 45 million willing buyers in the United Kingdom, and there are more than that number of willing sellers in the world of the goods they want. Moreover, the 45 million buyers can certainly produce the goods which the sellers want in turn, and which will enable them to get paid. It is not possible, therefore, when each party has the goods the other wants, that business should not be done. We have to live, we have to employ our people, and we have to maintain, if we can, our standard of living. Barter and bilateralism are crude methods and unworthy of the stage of civilization we have reached or thought we had reached. We wish to cooperate with all and, above all, with your great country. But needs must when the devil drives, and the devils of food and raw materials needs, scarcity, and unemployment will drive very hard. Our position no longer allows us the freedom of action we had 30 years ago when financially we were powerful, liquid, and safe, and had plenty of room to turn round. Now we have to find the means to live and to live within our means. I have no doubt we can do it, though we shall have a hard struggle. In the war we have been vastly helped by your lease-lend and by Canadian mutual aid. Only so could we make our total war effort, since we have thrown all our normal means of international livelihood into the common war pot. Nor shall we in consequence, when the bugles blow for peace, immediately be able to pay our way. But I know that it is the determination of the British people to do so as soon as ever possible. Both we and the rest of the world would be the better able to do that if we could all devise some means, fair to all, by which international trade could be continuously expanded. One step, if only one, to that end should be an attempt to elaborate a workable international monetary plan. No one can be blind to the difficulties. But we should remember Robert Bruce and the spider. We have to find our way out of this world of chaos and we can never do it without trying.

To convince oneself that a great scheme of international cooperation of this kind is feasible in the world, as it will be after the war, requires, no doubt, on the part of governments and peoples an act of faith and a sustained magnanimity; a certain greatness of mind. Such magnanimity is particularly demanded from the American people, since the first aim of the plans we have been considering is to assist the weaker and not the stronger, and the United States is by far the strongest. No doubt the first natural reaction of human nature is that if the weak are to be helped it must inevitably be at the expense of the strong. But that need not be so. Let me repeat ad nauseam that we all grow prosperous together and poor together. And unless an international plan of this kind is to the benefit of the United States as well as the rest of the world it will fail. Its object is not to relieve the debtor nations from paying their debts, but to enable them to pay in the only possible way in which they can pay, namely, by an increase of their foreign trade. Its object in addition is to facilitate employment in all countries by the exchange of goods; and employment and an increase of living standards we must all secure at our peril.

The United States might conceivably secure full employment for all its people as a closed economy without any international trade at all. But that is not your aim. You intend to have a great foreign trade and great exports. You can only achieve this if other nations have a great foreign trade with you. You must buy their goods as well as sell them yours. There is no other way of getting paid, and this is true even if you make them in effect long term loans of goods. The ultimate security for any evidence of international indebtedness, whether gold, bancor, unitas, a short term credit or a long term bond, is that it can be converted into real wealth, that is, into something which satisfies human wants. If the creditor wants his money's worth, he must import. There is no other way. The debtor cannot force the creditor to import. As long as he stands ready to export, he has done all he can. Thus the real security that the creditor can obtain depends on himself and not on the debtor. If the creditor is unable to import, then there is nothing the rest of the world can do except in the end not to buy his exports.

I remember many years ago after the last war a very well known English editor, Mr. J. A. Spender, telling me that he was talking to an American business friend about war debts. Mr. Spender said to him, "But which do you want? Do you want our goods or our gold? You must have one or the other." His friend's answer was, "We want neither. We want your money." Mr. Spender could only reply, "Do you think it would help you if we sent over the Acquitania full of British £1 paper notes?" All of us have learned much since those days. Foreign commerce, we know, is essentially the barter; if possible, the multilateral barter of goods. It is to facilitate such barter without adding to the burden of any nation which is the grand object of all the schemes I have been discussing.

The American people are called upon by force of circumstances to play the chief role in them. Having been fortunate enough to have spent years in your great country and to have the very closest possible ties with it, I have learned to know it well and I feel no doubt whatever that it will play its part with that breadth of outlook and magnanimity of spirit which is the proper ornament of strength.

Increased Public Purchasing Power May Support Large Post-War Retail Sales

The wartime increase in its national income received by individuals, and especially the increase in salaries and wages, has had a tremendous influence on dollar volume of retail trade according to an anlyasis of leading merchandising companies just completed by the research department of E. W. Axe & Co., Inc., 730 Fifth Avenue, New York City. Although it is not to be expected that purchasing power will remain at the wartime peak after the war, the deferred demand for consumers' durable goods will generate much post-war business activity, so that the national income will probably compare favorably with that of the immediate pre-war years.

Despite this generally favorable outlook, the investment positions of some kinds of retail trade securities are not entirely satisfactory because of the impact of rising costs on extremely narrow profit margins, the study concludes. The securities of other types of companies, on the other hand, appear to be undervalued, partly because of the adverse interpretation by investors of many Federal and State regulatory measures and necessary restrictions of recent years. Just how this works out on the basis of present market values is shown by group comparisons of the sales, earnings, inventories, and book values per $100 invested in the securities of individual companies.

Copies of this booklet may be obtained from the Tarrytown Press, P. O. Box 157, Tarrytown, N. Y., or E. W. Axe & Co., for 40 cents each; free to libraries and non-profit institutions.

Ball Named To N. Y. State Banking Board

The appointment of Raymond N. Ball, President of the Lincoln-Alliance Bank & Trust Co., of Rochester, as a member of the New York State Banking Board was announced by Governor Dewey on October 1.

Mr. Ball was appointed to fill the unexpired term of the late Perry E. Wurst of Buffalo, which runs until March 1, 1944. Mr. Ball, who is a director of several Rochester corporations, has been President of the Lincoln-Alliance Bank since October, 1929.

Mr. Wurst, who was Executive Vice-President of the Manufacturers & Traders Trust Co., Buffalo, died on September 5, as was noted in our issue of September 16, page 1124.

Willford I. King Would Solve The War Debt Problem By Enforced Savings

(Continued from first page)

would leave our mines, farms, factories, and transportation systems still fully equipped for production. Furthermore, it is indubitably true that most war costs must be paid while the conflict is on. There is no possible way to fight with future food, future guns, future planes, or future ships. We can use only the equipment already on hand—not the products of tomorrow.

Is it then true that this war places no burden whatever upon our children and our grandchildren? To say that such is the case is going too far. One heavy burden will persist for a long time. It is that many a child is doomed to grow up without a father's protecting care and guidance. Many a mother and wife will sorrow long for her missing son or husband. Our heirs will also find that, in certain respects, the war has lessened materially their economic heritage. The huge volumes of gasoline and oil burned by our planes, tanks and trucks are gone forever, and it is unlikely that any economical and satisfactory substitute for petroleum will ever be found. The war has sadly depleted our limited supply of copper. It has helped to exhaust our richest iron deposits. Many other real losses might be added to this list.

There are, however, significant offsets to these economic sacrifices. The Big Inch and the Alaskan Highway are very helpful additions to our system of transportation. Huge new plants multiply our supply of magnesium and aluminum. More important still, the war has stimulated invention and enabled us to produce more effectively than ever before. Whether, on balance, the war has placed a **net** economic burden on future generations is, therefore, a debatable question.

Not only is it doubtful that the war will weigh down future generations—its cost to the present generation is far less than the average man is led to believe when he reads about a hundred billion dollar budget. True, we have had to give up the somewhat doubtful pleasure of driving our automobiles more or less aimlessly over hundreds of miles of roads until we are thoroughly tired of the trip; but, the number of lives saved by reducing the volume of motor traffic and stopping speeding has apparently been great enough to offset our entire military and naval losses incurred to date in fighting the Germans and Italians!

Aside from pleasure driving, our sacrifices have been trivial. True, choice cuts of beef and a few fruits have become rarities. The coffee supply has been a bit skimpy. The fact remains, however, that, at no time in the nation's history has the average family been better clothed and fed than it is today in the midst of war. In the first quarter of the present year, the dollar value of sales in all retail stores in the United States was 62% greater than the average for the period 1935 to 1939, and, in the interim mentioned, the cost of living rose less than 22%.* Clearly, therefore, total civilian consumption increased rather than shrank.(1)

What we have really been doing is to support our own armed forces and assist our allies tremendously merely by making use of the spare time which millions had been wasting during the last decade. The fact that we can fight a major war on leisure time without curtailing at all our customary scale of living must cause Hitler and Hirohito to pass many sleepless nights.

And even this is not all. Substitution of work for idling, while admittedly increasing fatigue, has also renewed for many the real zest for living. The elimination of unemployment has bolstered the nation's morale no less than have the great victories won on the battle fronts.

The feeling is widespread among conservatives as well as New Dealers that the only really effective way to get full employment is to go to war. This line of reasoning exactly parallels that of the primitive man who felt that the only way to get roast pig was to burn down the house. Before anyone can fully understand the real nature of the war debt problem, he needs to familiarize himself with the fact that the question of full employment or unemployment is entirely one of the relationship between the volume of new spendable funds and the wage rate. Between 1929 and 1932, the volume of new spendable funds shrank sharply, while wage rates declined but little. The result was that millions became idle. Between 1939 and 1943, on the contrary, the volume of new spendable funds increased far faster than did wage rates. As a result, the volume of working time increased so tremendously that the **additional** hours worked have been producing goods enough to win the war. In a nation which has such amazing potentialities for production, it seems obvious that the war debt can be handled easily enough if the job is tackled intelligently. But that is a big if!

At present, one cannot predict to what size the war debt is likely to grow, for we do not know how long the war will last. In 1916, a rhymester wrote:

> But our cook's cousin has a friend
> Who know when the war is going to end.

At present, the cook's cousin's friend is hard to locate.

Today, the gross Federal debt is around $140,000,000,000. The addition in the past year has been nearly $70,000,000,000. If the rate of growth does not increase, and if the war is cleared up by August, 1945, the debt will then be around $280,000,000,000. However, inflation is likely to cause the rate of growth to be accelerated. Furthermore, if the present administration remains in power, it is proposed to take two years to demobilize the armed forces, and, presumably, the Government will continue to run a deficit during that period. If the recommendations of the National Resources Planning Board are carried out, the Federal Government will then engage in a huge construction program covering not only the United States, but all the backward nations. Such a program will doubtless keep the deficit growing indefinitely. Advocates of this program look upon an increasing public debt as no menace, and hence they see no reason for trying to stop its growth.

Even if the conservatives come into power, it is doubtful that the debt increase will be stopped before the total reaches $300,000,000,000. The President announced on July 31 that, currently, new money was costing the Government less than 2%. At this rate, the interest burdens on the $300,000,000,000 of prospective debt would be only $6,000,000,000—or half a month's national income. Another common way of figuring is to say that our national income has increased from only $40,000,000,000 in 1932 to $140,000,000,000 in 1943. Therefore we can pay the interest on the debt by using only 6% of the $100,000,000,000 increase.

A moment's consideration will show that these calculations have little significance. Any assumption that the interest rate will remain at 2% rests upon weak foundations. Unless a government continues to inflate the currency indefinitely, it has no power to control interest rates. After the last war, yields on United States bonds went above 5% and they may do so following this war. The Government may therefore find itself faced with the necessity of paying from $12,000,000,000 to $15,000,000,000 of interest on a $300,000,000,000 debt.

Since the debt is practically all held within the nation, it is completely erroneous to assume that interest on the debt constitutes a subtraction from the national income. If $15,000,000,000 are paid, $15,000,000,000 are likewise received. The payments make the citizenry as a whole neither richer nor poorer.

In this respect, the Keynesians are right. It is not the mere size of the national debt which constitutes a problem. If every citizen owned an equal share of the debt, it would indeed, be hypothetically possible to pay annual interest charges several times larger than the entire national income! However, in reality, the debt is not equally owned, and it is this fact which gives rise to the problem of how to collect the money from the thriftless who do not own bonds in order to pay the thrifty who do own them.

To many, however, this is no problem at all, for they have come to accept both of the following cardinal fallacies:

1. That we have had too much saving.
2. That over-saving is socially injurious.

A corollary to these fallacies is the feeling that, saving being anti-social, confiscation of bonds, mortgages, and bank deposits is merely a manifestation of tardy justice. This attitude is apparent in practically all wage and rate cases coming before Boards made up of New Dealers. It is enhanced by the unfortunate decay in public ethics evidenced, for example, by the Federal Government's repudiation of the gold contracts in its bonds. In general, it may be said that, to those who regard saving as a sin and who think of the words, fairness, equity, and justice merely as convenient shibboleths for catching credulous voters, there can scarcely be any problem connected with the public debt.

Persons holding such views have a very easy solution for any problem which may tentatively arise. Their solution is repudiation. It may take any one of the following forms:

1. Straightforward repudiation.
2. Repudiation by taxing the bondholders to pay themselves.
3. Repudiation by lowering the interest paid on the Government debt.
4. Repudiation by currency inflation.

It is unlikely that the debt will be directly repudiated. Such a procedure resembles too closely the methods of the highwayman and is not sufficiently genteel to appeal to the advocates of the New Order. As they see it, taxing the bondholders to pay themselves is better, for it constitutes a sort of poetic justice, in that punishment is meted out to those who were so anti-social as to save and buy war bonds. This policy is, however, difficult to execute, for it is hard to get a tax law enacted which will do the trick with precision, neatness, and dispatch.

An admittedly half-way measure which is easier to put into practice is to refund all short-term loans into long-term bonds bearing interest at say 4%. In the next period of depression, the Government can reduce the interest rate to 2%, the excuse for such action being that, in time of depression, it is only fair that those bloated plutocrats, the bondholders, share losses with the rest of the citizens. Halving the interest rate on long-term bonds is, of course, almost equivalent to repudiating half the debt.

While the three methods of repudiation just mentioned are all possibilities, repudiation by inflation is much more probable, for inflation furnishes a delightfully easy and insidious way of perpetrating robbery on a hundred-billion-dollar scale. How little even highly-educated Americans know about inflation is indicated by the question often repeated orally and in print: "Are we going to have inflation?" The inquirers are obviously completely ignorant of the fact that inflation has been going on steadily for about a decade, and, since America's entry into the war, has become a raging torrent. In 1930, all active banks in the United States held less than $4,000,000,000 of Federal securities. At present, the total is probably around $34,000,000,000. In 1930, demand deposits aggregated about $24,000,000,000. At present, the corresponding total is around $53,000,000,000. In the face of these facts, it is obvious that the correct question is not whether we are going to have inflation, but instead, how and when, if ever, the present terrific rate of inflation is to be stopped. Inflation is our Number One debt problem today and promises to remain so.

Our Planners have completely lost faith in the free price system, and are attempting to control prices by regulations and rationing. The latter process constitutes repudiation in so far as rationed articles are concerned, and the substitution therefor of a **limited** new currency consisting of small square red or blue coupons. As inflation grows more intense, the repudiation must need be extended to more and more articles. However, as long as the old-fashioned money continues to circulate in increasing volume, black markets will become harder and harder to suppress. Furthermore, it seems highly probable that, once the war is concluded, the American people will not tolerate rationing, and inflation will therefore produce its normal effect on prices. How high this will make the price level go can only be approximated very roughly.

What we do know is that, whenever the currency supply increases faster than the volume of production, prices rise. It seems improbable that physical production can attain a level materially higher than that now existing, but there is no limit to the amount of circulating medium which the Government can create by borrowing from the banks.

The reports of the United States Comptroller of the Currency show that, on June 30, 1940, demand deposits in all banks in the nation totaled slightly more than $33,000,000,000.(2) Since that date, demand deposits in reporting member banks have risen 60%.(3) Presumably, therefore, the total of demand deposits is now in the neighborhood of $53,000,000,000. In addition, the stock of pocket-book money circulating in the nation is estimated as being over $17,000,000,000.(4) It appears, therefore, that we are now using some $70,000,000,000 of circulating medium to do our money work.

In May, 1943, the Government spent $7,400,000,000. All Federal taxes yielded $1,700,000,000, War Savings Bonds sales brought $1,300,000,000, and bond sales to non-banking corporations may have reached $1,000,000,000. This left $3,400,000,000 to be financed by inflation.(5) At this rate, even if Government spending does not speed up, two more years of war may increase our volume of paper money and demand deposits by more than $81,000,000,000. If price and wage controls prove ineffective, the increase may, of course, be much greaaer.

It therefore appears likely that, if our gigantic war expenditures continue until the middle of 1945, our circulating medium will have risen from $70,000,000,000 to no less than $151,000,000,000, or 2⅙ times the present quantity. If we actually succeed in raising enough **additional** tax revenues to cover **additional** expenditures we can consider ourselves lucky. Furthermore, the probabilities are that our growth in circulating medium will not be offset by any noticeable increase in total physical production. The tendency will therefore probably be for the price level, if uncontrolled, to be at least 2⅙ times as high in 1945 as it is at present. If such a rise in prices occurs, it will automatically confiscate well over half of the present real worth of all bonds outstanding. In other words, inflation, if continued, merely at the present rate, is likely to mean at least 55% repudiation before the war ends. If we follow up the war with a huge program of public works and world rehabilitation, inflation, and hence repudiation, are likely to go much further.

There are two prime reasons why our war debt problems promise to be extremely troublesome. First, the present Administration is determined to avoid the levying of any considerable direct taxes on manual and clerical workers. Second, our high officials, our legislators, and the public in general, all suffer from the delusion that it is possible, in some way, to postpone to the future a considerable part of the cost of war. They do not understand that no financial legerdemain can lessen the fraction of national effort and national resources required to accomplish given results on the military front. They take it for granted that it is impossible to finance war on a sound basis. Inflation is, therefore, accepted as an easy way out.

Unfortunately, in its early stages, inflation produces results which seem very pleasant. In the end, however, it brings disaster. It robs the thrifty who have saved to accumulate a bank balance or to invest in bonds, mortgages, or life insurance, and it is these thrifty persons who furnish the capital which makes economic progress possible. Operating in conjunction with labor monopolies, inflation is the commonest cause of widespread unemployment.

For example, after the first world war, British inflation lifted wages to levels far higher than the nation could sustain when, eventually, the price level fell. The inflated wage rates were "frozen" by the labor unions. The result was that unemployment on a large scale persisted up to the beginning of the present war.

Today, the United States wage rates are far higher than it would have been possible to pay had the currency not been inflated. When, following the 1920 pattern, the inflationary process stops, the total amount of new spendable funds available to pay labor will shrink. Unless wage rates are reduced proportionately, we shall have unemployment on a vast scale. Then our fascists and socialists will shriek that capitalism has failed and will clamor for a huge public works program

* (1) U. S. *Survey of Current Business*, May, 1943, p. 6; June, 1943, p. S. 3.

(2) *Statistical Abstract of the U. S.* for 1941, p. 285.

(3) U. S. *Survey of Current Business*, Aug., 1941, p. S-13; July, 1943, p. S-15.

(4) U. S. *Survey of Current Business*, July, 1943, p. S-17.

(5) U. S. *Survey of Current Business*, July, 1943, pp. 13 and S-18.

financed by further inflation. This will eventually paralyze private enterprise and usher in their "planned economy."

The principal economic danger at the present time is, therefore, inflation. To prevent further inflation, taxes and bond sales should at once be expanded sufficiently to make Federal borrowing at the banks unnecessary.

So much for the present. What about the post-war outlook?

Let us first adopt the rather improbable hypothesis that the OPA succeeds in keeping prices and wages at present levels. To do this will call for more and more rationing. By virtually nullifying the value of the newly created circulating medium, by higher taxation, and by forced saving, sales of war bonds may be increased and the inflation of bank deposits may be slowed down. At best, however, we can scarcely expect to reach the war's end without piling up \$70,000,000,000 to \$100,000,000,000 in excess demand deposits in banks. As long as these excess deposits exist they will hang like the sword of Damocles above the nation. Only by the severest regimentation can prices be prevented from rising, especially in view of the fact that savings bonds are redeemable on demand, and that every one redeemed adds to the volume of inflation.

If we depend upon price control to protect our economy, it will be imperative for the Government to use the most drastic measures possible to retire its debt to the banks, for, until this is done, no semblance of economic freedom can be restored to the nation. Until the excess bank debt can be eliminated, either our program of price control and regimentation must continue or, inevitably, the purchasing power of all the bonds, mortgages, life insurance policies, and bank balances will be greatly diminished.

However, to raise the \$75,000,000,000 or \$100,000,000,000 necessary to liquidate the debt to the banks will likely be anything but an easy task for our fiscal authorities. However, by combining heavy taxes with the continued sale of savings bonds, it is possible, though admittedly improbable, that this floating debt may be eliminated, and the nation's price system may, after a period of years, once more be put on a sound basis.

At this point, the question may well be raised as to why the rest of the nation should pay to the banks interest on the many billions of dollars which the Government has been injecting into our circulating medium. Most conservative citizens view with horror the paper money inflation indulged in by the German government, but, at the same time, they look with complacence upon our own method of using the banks to create billions of new dollars out of nothingness. In reality, both methods are equally unsound and pernicious. Our present method has two disadvantages: first, it causes fiscal difficulties for the Government and the taxpayers; second, it places the banks and the other financial institutions in a predicament whenever interest rates rise and the values of government securities in their portfolios shrink. If, therefore, we are unwilling to finance the war on a sound basis, why will we be any worse off if we quit fooling ourselves by employing roundabout methods and simply print greenbacks to cover our deficits. The latter procedure would eliminate interest charges, and, after the war, it would be no more difficult to retire the greenbacks than to pay off the Government debt to the banks.

Let us next look at our post-war fiscal problem on the basis of the assumption that rationing and all price controls will have been abandoned before the war ends, and that our supply of circulating medium will be 2⅙ times as large as at present. Under such circumstances, we would expect both national income and ordinary governmental expenditures to be multiplied by 2⅙. Since, at present, non-war Federal expenditures are around \$6,000,000,000 per year (6), after the war they would probably rise to 2⅙ times that figure, or \$13,000,000,000. In May, 1943, realized national income is estimated to have been around \$11,100,000,000 per month (7). However, as we have seen, some \$3,400,000,000 of this was the result of current monetary inflation. This means that, if inflation were to immediately stop, the income would probably drop to around \$7,700,000,000 per month, or \$92,000,000,000 per year.

If our working force is to continue to be fully employed, an increase of 2⅙ times in our volume of circulating medium may normally be expected to result in raising the peace time income to approximately \$200,000,000,000 (2⅙ times \$92) measured of course in the depreciated currency. If, however, unemployment is allowed once again to run riot, the figure might be below \$150,000,000,000 annually.

As we have seen, the interest on the Federal debt, figured at 3⅓%, may well call for \$10,000,000,000. Adding a modest \$6,000,000,000 for debt retirement and \$13,000,000,000 for ordinary expenditures, the Secretary of the Treasury, if he seeks to balance the budget, will find himself confronted with the necessity of raising each year \$29,000,000,000 in taxes. In time of prosperity, this would take 1/7 of our hypothetical \$200,000,000,000 national income. In hard times, it might call for a fifth.

Of course, whatever is taken from the people for interest and debt retirement will be paid back to the people promptly. It will in no sense be a deduction from the national income. This fact will not, however, make the Secretary's task an easy one, for each class of the population will strive to escape paying its proportionate share of the tax.

At present, the well-to-do, that is, all persons having incomes above \$5,000 receive approximately 10% of the national income. When the war is finished, the fraction of the national income going to this class is likely to diminish rather than to increase. Clearly, then, if the debt is not to be formally repudiated, heavy taxes must be collected from the population at large. To do this is always politically difficult. There is indeed grave danger that the well-to-do—the class that provides most of the capital necessary to make the free enterprise system function—will find itself swamped with taxes voted by the less affluent majority. If such is the result, the financing of industry will necessarily devolve upon government, and a fascist or socialistic state will be the inevitable outcome.

If the orthodox policy of liquidating the debt over a long period of years is to be carried out, the procedure least likely to result in upsetting the established economic order would be to secure the required revenue by levying excise taxes on basic productive processes. Such an indirect tax is likely to be overlooked by most purchasers of goods, hence the tendency to agitate for the repeal of the tax is less than is the case when tax money must be directly turned over to the fiscal authorities. However, it is improbable that any sane tax program for paying off such a huge debt could be carried through for a long period of years without being overturned at the behest of political demagogues. The question therefore arises as to whether or not the orthodox procedure is the wisest one to follow.

The fact has been previously emphasized that, on the whole, the people owe the debt to themselves. Since this is the case, why not, as soon as the war is over, proceed to take the bull by the horns and settle the debt problem immediately? If this decision were made, the first thing to be determined would be how much of the debt ought to be paid off. Since our first serious price difficulties manifested themselves early in 1941, it might well be decided that the circulating medium should be reduced to the level prevailing at that date. This might require a contraction of a \$100,000,000,000 in the Government's indebtedness to the banks. It would probably be unwise to pay off all of the Federal bonds held outside banks, since such a procedure would disturb the portfolios of insurance companies and other institutions, and would take away a tool needed by the Government in any price stabilizing program. However, this part of the debt might call for another \$100,000,000,000 cut.

The proposed \$200,000,000,000 payment might not be far from a year's national income. On the assumption that the two figures were equal, the Government might well demand that each citizen pay immediately to the Federal Treasury an amount equal to his income for the preceding year. The man who owned his proportionate share of the war bonds could turn them over the the Treasury. He would have paid himself off. The person having less than his quota of war bonds, might sell other property and thus raise the money necessary to settle his share of the war debt. For those not possessing the property necessary to meet the tax, the Government would arrange with the banks a giant personal-loan program. Some local bank would lend to the property-short individual the money needed to pay the tax. As security, it would be given a first lien on say 15% of his wage, salary, or other income. The Government would insure the bank against the death or permanent disability of the borrower on such security.

The typical wage earner would probably have war bonds enough to make a considerable dent in the tax payment. The rest of the annual burden probably would be materially less than the average man is in the habit of assuming when he buys a new car. The banks would be provided with a new clientele and a lucrative source of revenue.

The Government, having obtained funds to liquidate the inflationary component of its debt to the banks, could then proceed to pay off the remainder of its bank debt by giving the banks newly printed paper money. This would rid the Government of interest charges on this part of the debt and would, at the same time, prevent prices in general, from falling below the agreed upon 1941 level.

Such an unorthodox but highly conservative program would accomplish the following ends:

1. Repudiation would be prevented—bonds, mortgages, insurance policies, etc., retaining their 1941 purchasing power.

2. The danger of crushing the thrifty by discriminating taxation would be avoided.

3. All price-fixing, rationing, and regimentation could be promptly abandoned.

4. The debt problem would be transferred from the field of politics to the field of private finance, and the Federal Treasury, freed from the war debt incubus, could devote itself to financing current expenses.

MORAL: Settle the war debt problems in three months rather than in three generations!

(6) U. S. *Survey of Current Business*, July, 1943, p. 10.
(7) U. S. *Survey of Current Business*, July, 1943, p. S-1.

Canadian Securities

By BRUCE WILLIAMS

From the moment that the Social Credit Party of Alberta took their ill-advised steps in failing to redeem the provincial obligations at maturity, and in scaling down interest on outstanding debt, the Dominion Government has unremittingly endeavored to bring about a just settlement. Since the death of Mr. Aberhart and in view of Alberta's position in the center of an area that has tremendous possibilities of early development in the post-war era, it is increasingly clear that now is an opportune time to force the issue.

A recent report from Edmonton indicates that the Canadian Minister of Finance is refusing to renew loans in the form of treasury bills originally made to Alberta at the time of the depression in the early thirties. This action will compel the Province to take immediate stock of its position and look more favorably on coming to terms with the holders of the provincial obligations. As already pointed out, the current trend of interest rates will also facilitate an early settlement. With its debt refunded, it will then be an easy matter for Alberta to make arrangements with regard to its debt to the Dominion Treasury.

The market during the past week was quiet but the undertone was definitely firm. Direct Dominions were inactive but steady with the 3s of 1967 more in demand at 103⅛. Nationals were bid and the question of future supply is becoming acute. The 4½s of 1957 were 117½ bid. Ontarios and Quebecs continued in the doldrums, also mainly on scarcity of offerings. There was some activity in British Columbias which were steady and virtually unchanged.

The demand for long-term Nova Scotias and New Brunswicks still persisted but again business was restricted by the lack of supply. Manitobas were definitely better on the excellent results of the past fiscal year, and the 4½s of 1956 were 104½ well bid. Saskatchewans were quiet with prices unchanged. Albertas however were definitely better, and, as anticipated, the market should now move to higher levels.

With regard to the internal issues, the expected weakening of the free rate materialized, and with the exchange at 11% discount, it was possible to make interesting purchases in this section of the market. However, from the Canadian point of view, the failure of the Foreign Exchange Control Board to permit holders in this country of called and maturing obligations to cover exchange at the official rate is somewhat difficult to understand.

Contrary to the popular conception, the so-called "free" Canadian dollar market should not be considered as the barometer of the Canadian economy. In reality, less than 1% of total dealings in Canadian exchange takes place in this market. The Canadian official idea originally was evidently to give some measure of freedom to transactions for foreign account in order to offset in some degree the severe restrictions on movements of capital which were imposed on the outbreak of war.

In practice, however, it does not operate in this way, and holders of maturing Canadian internal issues in this country are penalized in having to deal in the exceedingly narrow "free" market. The fact that these maturities are public knowledge causes potential buyers to hold off, and the unfortunate holders are compelled to operate in a body in a one-way market.

This state of affairs is also detrimental to the interests of Canada itself, because, as already mentioned, it is generally believed that weakness in the "free" market is indicative of an adverse trend in the Canadian economy, which at the present time, of course, is highly misleading. It would seem to be a wise step therefore if the Foreign Exchange Control Board would permit holders in this country of called and maturing internal obligations to cash their claims at the official rate.

Reverting to the market for external issues, the pattern previously outlined seems to be slowly materializing. The market, although quiet now, has an excellent tone, and as soon as the Fifth Victory Loan is out of the way, all portents point to a period of activity with an upward trend.

Free Mail From Canadian Armed Forces

Postmaster Albert Goldman of New York announces that pursuant to a request from the Postal Administration of Canada, correspondence mailed at sea free of postage by Canadian Naval personnel serving on His Majesty's Canadian ships, censored and bearing the censor's stamp or endorsed "On Active Service," as well as correspondence mailed free of postage at Canadian Field Post Offices by members of the Canadian Armed Forces overseas, will be delivered to addresses in the United States without collection of postal charges.

It is also announced that the free mailing privilege in question is reciprocal except that said privilege does not apply to mail from members of the Canadian forces stationed within the Dominion of Canada.

The Effect Of Public Debt On Future Business Activities

(Continued from first page)

lem will depend not merely the course of business, but the future of our economic and political institutions as well.

Let us look first at the facts. The public debt of the United States on June 30, 1930 amounted to a paltry sum of $16,000,000,000. Ten years later it amounted to $43,000,000,000. And today the public debt of the United States is over $160,000,000,000.

Nobody, of course, can tell how far the public debt will go. It will depend entirely on the duration of the war and partly on the tax measures that will be taken in the near future. It is, however, safe to say that by the time the war is over the public debt of the United States may amount to $250,000,000,000 or $300,000,000,000.

Some have said that this tremendous increase in the public debt will lead to inflation or sharp increase in prices of commodities, and a corresponding reduction of the purchasing power of the dollar. Others have said that the public debt will never be paid, nor will the debt service be met, that some way or other will be found to wipe out this public debt through a sleight of hand method. Others in Washington have said this rapidly mounting debt is no calamity at all; on the contrary, it is a blessing in disguise.

Let us, therefore, look at the public debt and try to analyze to the best of our ability what effect it can have on the national economy of the country.

First, we have to raise a question. What was the purpose for the creation of this debt? When a debt is created for productive purposes it is self-liquidating in character, and therefore does not constitute a burden on the citizens of the country. For example, the obligations contracted by the Port Authority of the City of New York do not impose any obligations on the citizens of the City of New York, because these bonds are based on self-liquidating projects. A great portion of the debt of Sweden is of this character. The government of Sweden borrowed money to build railroads, utilities, and other productive enterprises.

On the other hand, when a debt is contracted for unproductive purposes, it has to be borne by the citizens of the country. Unlike a private debt which if it is unproductive is either liquidated or reduced through foreclosure or reorganization, a public debt goes on until paid or liquidated.

Now, you know that a great portion of the public debt of the United States was contracted for non-productive purposes. During the '30s a great deal of the money, probably most of it, was spent for projects of a non-productive character. Since Pearl Harbor the greatest portion of the public debt was used for the war effort, and a great deal of money has been spent for destructive purposes. It is therefore quite evident that the public debt will have to be paid by you and me, our children, and those that follow them.

It would, however, be erroneous to assume that the entire public debt was contracted for non-productive purposes. New industries have sprung up throughout the country utilizing existing raw materials. I refer to the rubber industry, the various phases of the chemical industry, to aluminum, magnesium, and so forth. All these developments have taught us how to utilize better our national resources and will contribute to the future increase of the national wealth and national income of the country.

The merchant marine has expanded, and in all probability in the post-war period our merchant marine will play a more important role than before the war.

Thousands, nay, hundreds of thousands of young men in the armed forces are receiving a very valuable training, and that training, too, will contribute to the future wealth of the country.

At the end of the war the federal government may own billions of dollars of commodities which can be used for civilian consumption.

Above all, we have learned our lesson. You know that experience is worth money. A few years ago a great many of our citizens believed that the United States can follow a policy if isolation. We have learned our lesson, that we are a part of the world, that we must play the role which history has in store for us, and this fact in turn, in my opinion, is bound to have a favorable effect, not only on the international policies of the country, but also on international trade relations.

Hence, while a great portion of the public debt was contracted for non-productive purposes, part of it has been used in a fashion which undoubtedly has increased the national wealth of the country.

The second question that we have to ask ourselves is how the debt is distributed. Where the debt is held to a large extent by ultimate investors, that is, by individuals, firms, corporations, but not commercial banks, the debt does not create new purchasing power. It merely gives the saver an opportunity to accumulate purchasing power now when the supply of commodities available is very small, to be used later on when the supply of commodities available is very small, to be used later on when the supply of commodities available is bound to increase.

On the other hand, when the debt is held by commercial banks, it leads to an increase in the volume of deposits. Bank deposits are purchasing power in the hands of the owners of the deposits. It is particularly unfortunate that in war periods when the supply of commodities available for consumption is so small, the purchasing power of the people should increase. Hence, if the deficit of the Government is financed through the sale of its obligations to the banks, it is inflationary in character — inflationary in the sense that it creates new purchasing power at a time when this purchasing power cannot be used because of the constant decline of the supply of consumer goods.

In this country the deficit of the government was financed through the sales of obligations to ultimate investors, but at the same time too large a proportion of the debt is held by the banks, thus creating new deposits. Hence, as a result of the war, as a result of the rapidly mounting public debt, as a result of the fact that a large proportion of the government obligations are held by the banks, an inflationary gap, a surplus of purchasing power, has been created in the country.

So much by way of background. Now let us see what will be the effects of this development, and the questions I raise are these:

First, what will be the effects of the rapidly mounting public debt on the national economy of the country?

Second, on business activity in general?

Third, what dangers must we guard against in the future?

The following analysis is based on the assumption that we will handle our debt along sound economic lines, and not endeavor to solve it through sleight of hand methods.

First, the mere fact that the federal debt by the end of the war may amount to $250,000,000,000 or $300,000,000,000 means that taxes after the war are bound to remain high, even though lower than at the present time. A public debt of $250,000,000,000 or $300,000,000,000 means a debt service of five to six billions of dollars per annum. During the '20s the federal government never spent more than four billion dollars per annum. During the '30s the federal expenditures rarely amounted to more than eight billion dollars per annum. And now in the post-war period we will be confronted with the task of paying in annual debt service alone five to six billion dollars. This does not include the retiring of outstanding debts. Another five or six billion dollars will be needed for maintaining a larger army, navy and air force and the taking care of the veterans. One may reach the conclusion that a minimum federal expenditure in the post-war period may amount to at least fifteen billion dollars per annum. It is therefore quite evident that taxes are bound to remain high, even though they will be lower than they are at present.

Taxes, however, must not be too heavy, otherwise they will undermine private initiative. Taxes on business must take into consideration the fact that poor years follow good years, and that corporations must be in a position to accumulate some surplus. Taxes must take into consideration the fact that the investor is entitled to some return, otherwise there wouldn't be any venture capital.

Hence, in the post-war period, it will be your task and my task to see to it that the tax burden is equally distributed all over the country, and not merely placed on a few corporations and individuals, otherwise taxes will undermine private initiative and will make it impossible for private enterprise to provide the necessary employment.

We find, therefore, that the first effect of the rapidly mounting public debt will be high taxes.

Next, prices. Prices of commodities in the post-war period are bound to be high. Certainly they will be higher than during the '30s, and they may even be higher than during the '20s, for the following reasons:

First, the large expenditures by the government in the post-war period will necessitate a higher national income. In part at least the national income is dependent on the price level.

Second, wages in the post-war period will remain high. Even though the weekly wage earnings will decrease, I doubt very much whether it will be possible to bring about a material reduction in hourly wage rates.

In addition, the increased volume of the deposits created by the public debt, the increased savings of the people, direct as well as indirect, will constitute a tremendous volume of purchasing power in the hands of the people, and will create a demand for goods, and when the demand for goods is great prices tend to be firm.

Hence, I believe that in the immediate post-war period and the years thereafter, prices undoubtedly will be higher than they were during the '30s, and they may be higher than they were during the '20s.

Third, the attitude of the government towards business is bound to play a very important role. If the expenditures of the federal government in the post-war period amount to a minimum of fifteen billion dollars per annum, that will necessitate a high national income. In the past, for example, in 1929, when the national income of the United States amounted to about eighty-five billion dollars, we enjoyed a year of great prosperity, but if in the post-war period the national income of the United States should decline to eighty-five billion dollars per annum, it will be a year of depression, and it may make it necessary for the government to spend substantial sums for the unemployed and otherwise.

It is therefore quite evident that in the future it will be to the interest of business as well as government to see that the level of business activity and the national income remains high.

Fourth, as a result of the rapidly mounting debt, as a result of the fact that in the post-war period the government may have to pay five to six billion dollars per annum on debt service alone, it is quite evident that money rates, the cost of money, cannot go up, and that the government for a number of years to come will endeavor to control the money market in order to prevent an increase in the debt service. These, briefly, will be the effects of the rapidly mounting debt on the national economy of the country.

Now let us look for a moment on the effects on business activity.

As a result of the war, the huge expenditures by the government, and the creation of the new deposits through sale of government obligations to the banks, the savings of the people have increased rapidly. The savings are positive as well as negative. The positive savings of the people are represented, one, by actual cash in hand. The volume of currency in circulation today is nearly nineteen billion dollars, as compared with seven and a half billion in August, 1939. In the post-war period the great portion of this currency now in circulation will return to industry and trade.

Two, the savings of the people are evidenced in the form of demand deposits. They are evidenced in the form of increased investments in government obligations. In addition there are negative savings in the form of repayments of private indebtedness. At the end of the present war very few individuals will be in debt, and therefore their credit standing will be improved, and their potential borrowing capacity will be larger than before. Furthermore, an ordinary individual, when he has a certain limited income, always endeavors to set aside a fraction thereof for a rainy day. At the end of the present war most Americans will have set aside more for a rainy day than ever before, and therefore they will be in a position to spend their current income in full; add to this the huge accumulated savings in the hands of the people, and one can visualize a demand for goods that staggers the imagination.

However, the above will take place only if (1) prices of commodities do not increase sharply. If by the end of the war the price level is twice as high as it is today, then the purchasing power of that accumulated savings will be cut in half. (2) If confidence prevails and if people employed feel sure that they will keep their employment, while those who have been thrown out of the war factories feel that they will soon be employed by private industry producing consumer goods. (3) If the conversion from war to peace economy is carried out in an orderly fashion without too much intervention from the government. (4) If the controls over prices and commodities are maintained until there is a better adjustment between demand and supply.

If the above conditions are there, and if we are to handle our affairs along sound economic lines and apply good common sense, then the demand for commodities in the post-war period, based on the accumulated savings in the hands of the people during the war, we are bound to have a period of very high business activity.

The last point is the danger to guard against. A large public debt undoubtedly will induce a number of people to find ways and means as to how to solve this debt in a painless way. Gentlemen, there is only one way to handle the public debt, and that is the hard way. There is no other way, and the hard way means hard work, increased production, and a policy of economy on the part of the government. Any other way leads to disaster.

Let us assume that the public debt is solved through inflation, or a sharp reduction in the purchasing power of the currency. Isn't inflation the worst kind of tax that can be imposed on anybody? Somebody has to pay for it. And yet there undoubtedly will be people in the post-war period who will say, "Let us not pay taxes. Let us solve this debt through the printing press or through the further depreciation of the dollar." This leads not merely to the wiping out or the reduction of the liquid savings of the people, but it also will undermine the economic and social system of the country.

To sum up then, a public debt of $250,000,000,000 to $300,000,000,000 can be borne by the United States without great adverse effect on the national economy of the people, on business activity, and on purchasing power of the dollar.

The above statement is based on the following assumptions:

1. That from now on the greater portion of the deficit of the government is financed through the sale of obligations to ultimate investors and not to commercial banks.

2. As soon as the war is over the deficit of the Government be drastically curtailed and measures taken not merely to balance the budget but gradually to reduce the debt.

3. That as soon as possible measures be taken to handle our tax system in such a manner that it will produce the necessary revenue for the government, but at the same time stimulate private initiative.

Post-War Outlook For Rayon Industry Good

While wartime restrictions on production and tax imposts will limit earnings of rayon companies during the war, favorable post-war sales prospects place the industry in the "growth" category, the United Business Service, Boston, reported on October 4.

The Service further points out:

"Production of rayon yarn and staple fiber in 1943 will probably total close to 650,000,000 pounds, exceeding the 1942 record output by 4%. Potential consumer demand holds well above the industry's capacity to produce, but strict regulation of civilian shipments is likely for the duration. Increased need for rayon yarns for tire cord and for various military uses will continue to press for greater production. Plants are being expanded considerably.

"Some increases have been authorized recently in the proportion of the civilian supply of rayon going to hosiery mills. Profit margins on these sales are somewhat larger than on rayon sold for such uses as tire cord and general line fabrics. However, any resultant gain in profits will be limited both by rising costs and by the fact that earnings are already in the excess profits bracket.

"Important technical improvements in production methods, particularly relating to quality and tensil strength, have enhanced rayon's competitive position with other fibers. After the war some loss of markets to nylon and possibly silk is to be expected, but public acceptance of rayon has been so widespread that new highs in consumption are in prospect."

Unsound Tax Program Can Destroy Capitalistic Democracy: Hanes

(Continued from first page)

ican way of life—our industrial system — instead of the fear we now have, multiplied by daily evidences that our government is interested in changing our way of life to some foreign concept, which we neither like nor will we ever accept." Mr. Hanes' address in full follows:

I have been asked to talk tonight about the new tax bill, which has been presented to the Congress by the Secretary of the Treasury.

In broad outline, the Administration is proposing: (1) Increased rates and lower exemptions, to gather in an additional $6,500,000,000. They have also proposed merging the Victory Tax with the income tax.

The exemptions for married persons to be lowered from $1,200 to $1,100, and each dependent from $350 to $300.

The exemption for single persons to be $500.

(2) Mr. Morgenthau requested the Congress to raise another $1,100,000,000 from the corporation income taxes.

(3) He proposed very stiff increases in the taxes on so-called luxuries, including liquor, beer, tobacco, travel, soda-pop, and chewing gum, calculated to raise additional income up to $2,500,000,000.

(4) He proposes to raise from estate and gift taxes an additional $400,000,000.

I am not going to discuss with you this evening the proposed individual income taxes, nor the proposed sales taxes, which Mr. Morgenthau chooses to call excise taxes, nor the estate and gift taxes, except to say that I sincerely hope the Democratic majority in Congress will be successful in passing these taxes as proposed.

No man who votes for such a tax bill can possibly be returned to the 79th Congress.

I am going to confine my remarks to proposition No. 2, namely, the raising of the corporate income taxes, normal and surtax, which, in effect, is the normal tax rate, to 50%.

You have all heard, time and time again, during the past year of group after group being formed for the purpose of planning for the post-war period.

We are all agreed that our men and women returning from the armed services must be provided with jobs.

Is it not strange, therefore, that someone has not hit upon the simple method of providing our corporations, great and small, with means of providing jobs?

We all know that when hostilities have ceased, the Federal Government is going to be left with an enormous public debt.

Would it not then be desirable at that time for private debt to be reduced to the lowest possible figure?

We should provide both the corporation and the individual with some real far-reaching incentive in order to encourage both to reduce their debt as rapidly as possible during this present period of high earnings.

It is, therefore, in a spirit of post-war planning that I approach the problem of corporate taxation.

I want to keep the private capitalistic enterprise system, which has proven its ability to out-produce the rest of the world, in such a safe and sound condition that it will continue after the war to provide the American people with an even higher standard of living than it has provided in the past.

If I had not believed in the capitalistic system prior to our entry into this war, I would most assuredly believe in it now.

It seems to me that our only hope for the future is dependent upon the continued functioning of this system of capitalistic democracy.

To strangulate it now will mean not only the danger of the loss of the war, but also an inevitable defeat in achieving the kind of peace we all desire.

The greatest threat to this system of private enterprise is a failure to recognize what are the essential needs for its continued life.

Business done in a corporate form has, by and large, created the power and efficiency of our industrial system.

Corporations are an instrument or tool whereby industry can function with the maximum of efficiency and with the widest distribution of the benefits of private ownership.

Corporations, however, although many attributes of personality have been conferred upon them, are, nevertheless, only ways and means of conducting business.

If the penalty for conducting business in corporate form is sufficiently great, that form of business, however socially desirable, will be abandoned.

The real proprietors of corporate businesses are, of course, the stockholders.

In an ideal tax system, corporations would pay only a tax for the privilege of doing business in a corporate form, while the tax on the productivity of the corporation would be paid entirely by the shareholders.

For a number of years now, the federal tax system has departed from this principle.

Heavy flat taxes are laid upon corporate earnings and then further taxes are imposed upon the shareholders.

Even a low flat income tax on corporations has grave elements of inequity because that part of the corporate income going to the poorest shareholder bears the same corporate rate of tax as that going to the wealthy shareholder.

When the corporate rates of normal and surtax reach the proposed 50% and the excess profits tax is 90%, the problem ceases to become one of inequities and approaches that of danger to corporate enterprises generally.

The danger is accentuated because the rates have achieved these heights in a comparatively short period of time.

Many corporations fixed their capital structures at a period when tax rates were much lower.

Many corporations have incurred debt obligations when their earning power after taxes seemed quite adequate to pay off the debt.

The inability to meet both fixed charges and current taxes is becoming increasingly serious and unless this problem is met many corporations face ruin.

Another danger of continued increase in corporation rates is that venture capital will have little or no inducement to risk itself in corporate enterprise.

New business, which depends so much upon credit, will find it increasingly difficult to secure when even the most successful business has very little left with which to amortize debt.

Funds for the prosecution of the war, of course, must be raised.

Furthermore, taxes are a prime factor in the war against inflation.

There are three vital weaknesses in the present corporate tax law:

(1) The rate is so high that corporate credit is endangered.

(2) Depreciation allowance is so low that corporations cannot create enough reserve to pay for rehabilitation of plant and reconversion to peacetime production, and,

(3) Corporations financed with the aid of preferred stock must have this fixed interest obligation treated as a charge against earnings, rather than as an addition to earnings.

I will take them in order.

Number One—Corporate credit:

The vital factor in the corporate side of the tax bill is not the rate of taxation.

The rate is not important provided we safeguard that thing upon which our whole industrial system is founded—namely credit.

The credit of a corporation, or of an individual, means simply "ability to borrow."

Ability to borrow is founded upon ability to repay.

If the normal rate upon corporations gets so high that their ability to repay debt is impaired and their credit is destroyed at the banks—and the Federal Government must assume that function—our corporations will be forced into wholesale bankruptcies, at the first signs of depression.

This is precisely what happened to our railroads after 1929.

The rails had pursued a policy of financing through long-term bonds all their requirements for maintenance — new equipment,—and expansion—and, at the same time, paying dividends on preferred and common stock instead of retiring debt.

When business fell off, the fixed charges were so high that the railroads couldn't meet their debt payments and many of them went into bankruptcy.

Their credit was impaired—and that is bankruptcy.

There is a simple method of forcing corporations to pay debt—and it will save our industrial system.

Exempt from all Federal income taxation a certain percentage of net income, provided that amount is used to pay off corporate debt.

It is just as simple as that.

For here we will provide a two-way incentive:

(1) Incentive to repay debt.

(2) Incentive to banks to lend.

Number Two is important, because the lender of other people's money is fearful that the corporation tax rate is going to continue to rise.

How high he does not know.

But he does know that the present rate of 40% normal, and 90% excess, is already impairing the ability of corporations to repay debt.

This is especially true where the corporation has outstanding preferred stock.

The result is alredy apparent. Credit has tightened.

And it is daily becoming increasingly difficult for the small corporation to borrow money.

And as for the new enterprise, without history of earnings or a high invested capital base—it is already bankrupt, under the present rates because its ability to borrow is gone—again for the reason that its ability to repay is gone—and that is bankruptcy.

Some will say this favors those corporations which have been financed with borrowed money as opposed to those which have been financed with common stock.

Of course it will.

We are confronted by a condition, not a theory.

We must take the facts as they are, and the fact is that a vast number of corporations are in debt and have contracted to meet that debt in certain monthly, quarterly or yearly payments.

The industrial system cannot operate "half slave and half free" — and if half the corporations are in bankruptcy the other half will not be very successful in selling their products in that kind of a depression.

It is, therefore, nothing but enlightened self-interest for all of us to work with all our might to reduce to the lowest possible level all private debt.

The Treasury may say, "but this will reduce the revenue."

That is true, but only temporarily.

We should remember that it is not the maximum amount of revenue collected at a given moment that should concern us.

But, rather, the continuity of the maximum flow of funds to the Treasury that we should seek.

And, under this plan, the interest on the aggregate amount of debt payment this year will next year be includible in net income, thus increasing net tax payments.

And so on for the years to come.

It will help corporations to remain solvent, and that means continued employment and continued revenues for the Treasury over the years.

We collect little revenue from bankrupt corporations.

It is long-sighted policy from every viewpoint.

It is fiscal statesmanship.

Number Two—Depreciation:

I have always thought that our Treasury was pursuing a most short-sighted policy in limiting the amount of depreciation allowed to a corporation.

The quicker a corporation can write off its fixed assets, the sooner this allowable deduction from earnings will become a taxable source of income for the Treasury.

And, since taxes always go up, corporations would have written off assets in years of low rates and would now be paying taxes on those earnings at high rates.

So the Treasury would be the distinct gainer.

Another condition, brought about by the war, has arisen.

We are driving our productive machinery three times as hard as ever before.

The wear and tear has been accelerated and the normal life expectancy of our productive machine has been greatly lessened.

Repair and replacement has become a problem and in some cases, indeed, an impossibility.

Corporations should be allowed to accelerate depreciation charges for this reason, as well as for the reason that rapid development of synthetics and other advances made by research as a result of the war, is going to render much of our machinery obsolete for peacetime production.

This, indeed, might be called a social security program, for it will guarantee continued employment and re-absorption of manpower into the peacetime industrial machine.

Number Three — Corporations financed with the aid of preferred stock:

The present Federal tax law encourages unsound, and sometimes unwise, creation of fixed maturity debt.

This is for the simple reason that interest on bonded indebtedness is considered a subtraction from corporate earnings—and, indeed, a legitimate one—whereas interest on preferred stock is, for some strange reason, considered an addition to taxable income.

For many, many years, American industry has been expanded, with consequent benefit to labor, government and business alike, through the aid of that type of financing known as the preferred stock.

It carries a fixed rate of interest, but has no maturity date.

It is truly long-term capital, and because of that fact a premium in the form of a higher interest coupon has been exacted.

During our period of great industrial expansion, the preferred stock has filled many gaps in the financial stability of our corporate enterprises.

It is unfortunate that its creators did not name it something like "deferred bond" rather than "preferred stock."

At the time the preferred stock was devised, there were no corporate income taxes.

To me, the real tragedy is in the reluctance of those charged with fiscal responsibility in our government to recognize these changes in the game, and to recommend changes in the rules accordingly.

Preferred stock interest should be a deductible item of expense just as bond or debenture interest is a proper deductible item.

That this point of view is a fair one may be proved by the attempt of some in high position to correct the wrong by doubling it.

Namely, to cease allowing interest on borrowed capital as a legitimate cost of doing business.

If these three items were sympathetically dealt with in a proper manner, businessmen would accept any tax rate that might be imposed for the duration.

For they would know then that our government is interested in preserving our American way of life—our industries system—and would not be in fear, as they now are, multiplied by daily evidences, that our government is interested in changing our way of life to some foreign concept, which we neither like, nor will we ever accept.

Mexican Agreement On Seized Oil Properties

The State Department in Washington announced on September 29 the terms of the agreement providing for final settlement of claims by American nationals against the Mexican Government arising out of the expropriation of oil properties in 1938.

Under the agreement, Mexico will pay American firms $20,137,700, in addition to the $9,000,000 cash payment made in November, 1941.

The total of $29,137,700 represents $23,995,991 plus $5,141,709 interest at 3% on all unpaid balances from March 18, 1938, to Sept. 30, 1947, the date set for the final payment.

The payments began on September 29 with a remittance of $3,796,391, and the balance will be paid in four annual instalments of $4,085,327 each.

The agreement, the State Department said, had been reached through an exchange of notes by Adolf Berle, Jr., Acting Secretary of State, and Rafael De La Colina, Mexican Charge d'Affaires.

The $23,995,991 valuation placed on the expropriated oil properties was fixed in April, 1942, by a joint American-Mexican commission, composed of two experts, Morris L. Cooke, for the United States, and Manuel J. Zevada, for Mexico.

The Standard Oil Co. of New Jersey group has accepted the settlement under which it will receive $18,391,651, plus interest of $3,940,843. The other claimants are expected also to accept the terms of the settlement.

To Buy 1944 Cuba Sugar

The United States agreed on Sept. 22 to buy a minimum of 4,000,000 short tons of 1944 crop Cuban sugar at 2.65 cents a pound f.o.b. Cuban ports.

The new contract, the largest ever negotiated with Cuba, was signed in Washington by officials of the Commodity Credit Corporation and the Cuban Sugar Stabilization Institute.

In Associated Press accounts it was further reported:

The 1944 sugar crop is the third successive one to be sold by the Cuban Government to the United States Government. In announcing the deal the State Department asserted it was "further significant evidence of the cooperation of the two countries in the joint war effort."

The price paid was the same as last year. The crop is larger by 1,000,000 tons than the 1942 crop.

"Our Reporter On Governments"

By S. F. PORTER

And now the bank drive is through, with oversubscriptions totaling more than 2½ times . . . . $5,516,000,000 subscribed to the bond deal, $5,381,000,000 to the ⅞% certificates . . . . Allotments on a 25% basis for the bonds above $50,000 . . . . And now . . . . For weeks the banks have been waiting for a chance to pick up some of the new 10-year 2s and invest their surplus cash . . . . For weeks many of them have been nibbling at the regular lists in the hope that they could get a fair amount of new 2s at par and straighten themselves out for the next month . . . . The $3,000,000,000 flotation, though, comparing with $5,000,000 in the April drive, killed this hope . . . . The banks went in as heavily as they could over last week-end . . . . But now they're about to enter the open market and buy more bonds to even up until December comes along and the year-end readjustments take prior position. . . . .

Trading in the 2s and 2½s should have begun Saturday but a gentleman's agreement among the dealers delayed transactions until Monday . . . . Then along came Columbus Day, again interfering with dealings . . . . Also, there's no questioning the fact that most dealers in Wall Street and probably elsewhere have plenty of bonds . . . . They bought heavily—in anticipation of the bank buying described above . . . .

At any rate, the bonds opened at 100.6 to 100.8 on the 2s . . . . At 100.3 to 100.5 on the 2½s . . . . Slightly below what most experts expected, but that's probably because most experts did expect a higher level . . . . . Rarely are "most people right" . . . . But the premiums are around the ¼ point level on the 2s, which is exactly proper . . . . and from this level, we may look for a rise to the ½-point mark . . . . And perhaps as the month rolls on, we may get up to ¾ or even higher . . . . That might be the temporary high . . . .

The minor setback in the market earlier this week was entirely technical, according to best opinion . . . . It might even have been engineered—to get some cheap bonds . . . . But enough said on that. . . .

The last issue of 2s of 1955/51, as of this day selling at 100.13 to 100.15, reached 101 before this drive was initiated. . . .

This issue of 2s is slightly shorter—1953/51—should hit the same mark. . . . Before rumors of the next financing enter the picture, of course. . . .

THE 2½s

The reason this observer has spent more time writing about the 2s than the 2½s is the simple fact that the 2s are the big, generally available issue. . . . The 2½s can go into the portfolios of non-commercial banking investors only. . . . Corporations, of course. . . . Individuals, of course. . . . But commercial banks, no. . . . Not until 1953. . . .

Naturally, billions of the 2½s will be on the lists this week, meaning hundreds of thousands of investors will be acutely interested in their price movements from now on. . . . But the 2s still will be the major trading issue. . . . Because the banks can buy these, are buying these, will buy them and will be the prime factor in their important market fluctuations from now on. . . .

As for this columnists's personal opinion—which may be of some interest on this one point—my preference always has been for issues in which the banks are involved. . . . Because the banks do make a market most of the time. . . . And the securities they buy and trade are more active and more likely to have major movements over a period of time. . . . Until now, we've never had the problem of separate issues—some for banks, some not for them—so exact comparisons are futile. . . . But we can compare the situation on the basis of popularity. . . .

There was the old day when the 2⅞s of 1960/55 first came out, for instance. . . . You may remember that we called them "Morgues" and that their action from the start was awful. . . . They were "sticky" and unpopular and hurt the market for months. . . . The reason was at that time the banks didn't want as long a term issue and prices generally were slipping. . . . The issue remained unpopular for a long period. . . . And didn't become the leader it now is until the banks began stepping in and picking them up in large quantities. . . .

Since then the tradition of "following the banks" has been an important one. . . . Which explains the excess of space devoted to the wonderful possibilities of the 2s and the minor amount of attention devoted to the 2½s. . . .

But to get back to the 2½s, in case this policy is of no interest to you. . . .

These have been acting beautifully ever since the books on the public drive closed . . . . Price on the old 69/64s now is 100.6. . . . On the 68/63s is 100.8 . . . . On the 67/62s is 100.18 . . . . The last issue of 2½s has been the most important from the point of view of the new securities, of course, and the sharp rally in those last week was most singnificant. . . . .

One dealer, in fact, believes the 2½s may get ahead of the 2s for a while, due to the lesser amount outstanding and the more or less closed market in them. . . . But the longer view is that the superiority of the 2½s won't last. . . . And the issue is good only for those who want to hold on for a fairly long period, then sell out and get back into another issue of 2½s or some other flotation. . . .

Just to sum up, though, this week's trading is telling us and next week's will tell us the success of this Third War Loan drive. . . .

It has been terrific . . . . Oversubscription far above the $18,000,000,000 mark, as predicted here right along. . . .

Premiums quoted, also as reported. . . .

And Morgenthau set with more than $21,000,000,000 to keep him rolling through the remainder of 1943. . . . .

HIGH IN NOVEMBER?

With the new issues getting all the attention outside of the last four tax-exempt loans, and with the bonds rising to new high premiums steadily, the Government market naturally looks wonderful. . . . And it is in fine shape. . . . Excellent buying power shown. . . . Excellent support indicated. . . . Good backlog of demand indicated from commercial banks alone. . . .

But where do we go from here? . . .

Well, as this writer sees it, we should resume a rising trend for October and probably for early November. . . .

As for carrying into November, if the 2s—to use the issue as a key—reach up to 101—that should take place in the early days of next month. . . .

But in November. . . . The holidays start coming in to confuse the situation. . . .

And the tax bill then will be taking the headline space day after day. . . .

And year-end adjustments of portfolios with selling of various issues will enter the situation. . . .

And commercial banks will be losing Government deposits, against which they need keep no reserve and gaining regular deposits against which they must maintain reserves. . . . In short, the money markets will be in for some tightening. . . .

November and December aren't such easy months to figure out, and while this columnist is not pessimistic for the year-end, historical records would indicate some conservatism as 1943 rolls toward an end. . . .

INSIDE THE MARKET

Ever notice that we don't have nicknames for most new issues any longer. . . . Time was when each new financing was dubbed with a special identification as soon as it hit the market. . . . There were the "converts," for example. . . . The "Morgues." . . . The "Mellons." . . . Recently we've had the "new" and "old taps," but not much else. . . . Of course, we get so many new issues these days that nicknames won't do. . . . One must identify each issue by its maturity to be sure no mistake is made. . . .

The tax-exempts obviously are in a marvelous spot now, what with the tax talks going on in Washington and every observer finally convinced that exemption is going to be a swell thing to have. . . . Key issue of this list—the 1965 2¾s—selling at 112.12 against a low right before the drive started of 112. . . . There's real money in these. . . .

SEC Should Adopt Program Of Self Restraint: Harold F. McGuire

(Continued from page 1487)

not lie primarily in the broad purposes of the legislation, but in the efficiency of the machinery, statutory and administrative, for carrying them out." In part McGuire went on to say:

I think that there is general agreement upon the reasons for consideration of change in the securities legislation and its administration, as I have thus briefly stated them. The major objectives which should be accomplished by such changes are implicit in the statement of the occasions therefor. The broad questions to be considered may thus be outlined as follows:

What can be done by the Commission or by the Congress, acting in the field covered by our securities laws, or by both,

(1) to help industry and its executives to devote their maximum energies to the war effort and to the enormous problems of the post-war period, on the one hand, and to obviate the necessity of their devoting those energies to relatively unessential matters, on the other—always having due regard to the desirability of keeping security holders, actual and prospective, reasonably informed under the circumstances?

(2) to promote the team effort and cooperative spirit so vital to successful prosecution of the war effort and to the preservation, development and improvement of a healthy and efficient free enterprise system in the days that lie ahead?

(3) to facilitate, particularly in the post-war period, the flow of private funds into such enterprise on an honest but efficient basis?

(4) to facilitate the operation of liquid, honest and efficient securities markets so indispensable to the proper functioning of a free enterprise system based on private capital?

It seems plain to me that change in the existing legislation will be necessary if these objectives are to be fully accomplished. But I also think it clear that that alone will not be enough. The securities legislation, however amended, must necessarily be sufficiently flexible—if it is to be efficient—to permit a reasonable play of administrative discretion. That being so, the attitude of the Commission in administering the statutes will always be of paramount importance.

The first, and perhaps the most important, change which I would suggest, therefore, would be of some re-orientation in the Commission's viewpoint and approach. I have three points particularly in mind. . . . Without meaning to belabor the proxy regulations let us turn our attention to another series of provisions thereof which have a somewhat different emphasis. I refer to those regulations requiring statement of remuneration of, and pension plan provision for, directors, officers, employees and others in the proxy statement for any meeting called to elect directors.

As your Chairman has generally observed, examination of the proxy statements which have been prepared under these regulations indicates that the Commission has placed undue emphasis on these matters, in that the major portion of the statements consist of dollar signs and might lead the uninitiated to suppose either that the business to come before the meeting was the approval of compensation or that the principal factor to be considered in electing directors was the compensation received by them and others in the preceding fiscal year.

To be somewhat more specific we find that the Commission has selected the figure of $20,000 as the yard-stick for determining those officers whose names and compensation must be disclosed. If the purpose of these regulations be to require disclosure of whether "insiders" are unfairly diverting the corporate income to themselves, so that stockholders may act accordingly, why, we may fairly ask, was this particular figure selected? Certainly, such a salary is not unusual, nor does it indicate greed or unfairness. Under some circumstances, it might be very modest; under others, highly unreasonable. It would seem that, if the purpose stated is the motivation for the regulations, a formula which would require disclosure of compensation exceeding a much higher absolute figure, or a specified percentage of net profits or net assets, would be more appropriate.

Now, this may offhand appear to be a small matter, since it cannot generally be contended that undue burden is placed on management in compiling these compensation figures. But that is hardly the point here. The point is that corporate executives are apt to feel that the SEC, instead of requiring disclosure to stockholders of information material to them in determining the wisdom or unwisdom of corporate action, as contemplated by the Exchange Act, is "picking on" executives with a view to promoting some other social or economic reform. It is unfortunate that any agency of Government, should wittingly or unwittingly, create such an attitude in the minds of any group of our citizens at this time, when team effort and coperation in the national interest are of such vital importance.

* * *

The prospectus required to be furnished to investors affords another interesting subject for consideration. One of the primary purposes of the Securities Act is to provide the average prudent investor, through the prospectus, with information which will help him in deciding whether to purchase a security. I think that it is now generally conceded, however, and, in fact, has been for years, that the Securities Act prospectus is of such character that the average investor does not read it, or, if he did, could not understand it. As we all know, that prospectus is a bulky document, typically running to some fifty-odd pages, which is printed and distributed at great cost. It is normally replete with legal verbiage and with complicated and pessimistically footnoted financial statements. When he receives it, the average investor generally deposits it in the wastebasket. Now, this is by no means due entirely to administrative action, or lack of it. But it does result in part from the Commission's view that there be included in the prospectus information dealing with subject matters which might well be omitted and from the technical character of some of the regulations designed to elicit that information.

The foregoing illustrations, which might be multiplied if time permitted, will serve to indicate that there is meat in the criticism that the Commission's administration of the securities laws has tended in some instances to require unnecessary expenditure of time and effort by corporate management, to cause undue expense to the companies affected, to produce unnecessary irritation, to create apathy in investors or stockholders towards corporate literature, and to result in confusion. It is only fair to say in defense of the Commission, however, that it has done much, particularly in the last two years, to counteract these tendencies. But, in the light of the existing situation, we may appropriately ask of the Commission that it do more. Specifically, we may ask that it conduct a vigorous self-examination of its present forms and regulations and apply to each item therein these two tests: First, does it ask for information which is essential? Second, if the subject matter of the item cannot be eliminated, can the objective sought to be attained be accomplished in any manner which will interfere to a lesser degree than at present with other necessary activities of corporate management?

So much for the **first plank** in the platform for re-orientation of the Commission's viewpoint and approach.

The Commission has also been charged with seeking to extend its powers over subjects not confided to its jurisdiction, or with interpreting its grant of authority so broadly as to stretch it to the breaking point. This criticism, too, is not without justification.

* * *

I suggest as the second plank in a suggested platform for conduct in the Commission's affairs during the war and post-war period that, in view of the circumstances previously recited, it confine itself strictly within the limits of its authority and not seek new fields to conquer.

Closely related to the suggestion just made is the further suggestion that the Commission not engage during this period in further experimentation and programs of reform, even though clearly within the Commission's power.

Scott & Stringfellow Admit

RICHMOND, VA. — Scott & Stringfellow, Mutual Building, members of the New York and Richmond Stock Exchanges, have admitted Edward C. Anderson and James H. Scott to partnership in the firm. In the past both were partners in the firm.

Public Utility Securities

Illinois Iowa Power Preferred

Illinois Iowa Power (indirectly affiliated with North American system) was recapitalized in 1937, at which time the present $2.50 preferred stock together with the dividend arrears certificates (representing the $24 unpaid dividends) and some common stock were given to the old preferred stockholders. Due to litigation by some of these stockholders, dividends on the new issue were omitted for several years, and while extra payments were made in 1941-42, arrears amount to $8.40. The preferred is currently selling at 41⅜ on the Curb and the certificates at 9. A combined unit of the two therefore returns about 5% and has a claim on about $32 arrears. Presumably arrears on the "new" preferred would outrank the arrears on the "old" preferred although the $24 face value of the certificates has been set up in the balance sheet, as an item in "paid in surplus."

In dollar amounts the current arrears are $4,061,400 while the certificates have a face value of $11,596,680, the total amounting to $15,658,080. An analysis of the possibility of settlement of these arrears raises a number of questions in utility finance.

While the company's earnings have been good, preferred dividend requirements being earned nearly 2½ times in 1942, and the cash position is better than average, the company is over-bonded, largely due to its unfortunate investment in the Illinois Terminal Railroad. Accordingly, the problem is to scale down the funded debt, refund the bonds at lower coupon rates, dispose of the railroad and terminal properties if possible, and reach a settlement with the holders of the preferred stock and certificates.

As the first step in this overall program, the company recently sold its utility subsidiary, Des Moines Electric Light Co., to the United Light & Power system for approximately $16,000,000. This money is now being used to retire the $15,834,400 refunding 5½s of 1954. The company recently requested SEC permission to solicit proxies for a stockholders' meeting Nov. 1, at which time a refunding program would be proposed, together with a change in name to Illinois Power Co.

Assuming that the refunding can be worked out with SEC approval, as seems likely, substantial savings in interest might be effected. The issues to be refunded aggregate about $77,000,000 (including a small issue which matures this year, together with $6,000,000 debentures. A savings of 1½ points in interest would amount to about $1,159,000, equivalent to $2.40 per share on the preferred stock. This is on the assumption that the coupon rate on the refunding issue can approximate 4%.

Sale of the railroad property would, of course, be helpful in the present program, permitting a further debt reduction, but as the company is showing substantial earnings during the wartime period, in relation to a possible sale price, no immediate action seems likely. An attempt to work out a deal with the Burlington a year or so ago failed.

There is another potential source of funds which might be used either to reduce debt, or to help clear up dividend arrears. The company has sued its parent, North American Light & Power, for some $20,000,000 or more, claiming mismanagement some years ago. North American Light & Power is being dissolved under SEC orders but the question of subordinating North American Co.'s interest has delayed a settlement. Since both the Courts and the SEC are involved, together with various security interests, the triangular settlement may be delayed for some time unless a compromise can be worked out to satisfy all parties involved. There have been rumors from time to time that some progress is being effected toward such a settlement, but nothing tangible has emerged thus far.

Summarizing, the position of the preferred stock will be further strengthened if a refunding program can be consummated and a faster pace could be set in paying off arrears. The position of the certificates seems to hinge largely on a settlement of current litigation, although with preferred dividends disposed of (perhaps in several years, if the refunding is successful) a beginning could be made toward paying off the certificates.

If an advantageous settlement with North American Light & Power (or in effect North American Co.) should be worked out, this might permit a request for tenders of the certificates which presumably would require purchase at some level above the prevailing market. However, thus far North American Co. has shown little inclination to cooperate with the SEC since it maintains that the Commission has no jurisdiction to adjudicate the Illinois-Iowa claims.

Paul Linz to Be Partner

Paul Linz will become a partner in Carl M. Loeb, Rhoades & Co., 61 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges. In the past Mr. Linz was a partner in the firm.

Wm. Kelleher Opens

SPOKANE, WASH. — William Kelleher has opened offices in the Paulsen Building to deal in general securities, specializing in local and Pacific Coast issues.

Investment Trusts

Back To Business

The lull in activity of investment company sponsors with respect to their own offerings while they were busy doing their part in the Third War Loan Drive has given way to a renewed burst of effort. They're back on the job. And how!

One of the many striking pieces of investment literature received this week is a colorful and highly informative chart showing business booms and depressions since 1775. This three-and-a-half-foot chart is published by **A. W. Smith & Co.**, sponsors of New England Fund and General Investors Trust.

National Income, Price Inflation, Federal Debt, and Business Activity are all graphically portrayed in this chart. Most significant for investors today is the record of decline in the purchasing power of the dollar during wartime and post-war periods.

In the War of 1812 the dollar in terms of living costs declined to 51 cents; in the Civil War the dollar declined to 44 cents; in the first World War it went down to 48 cents; at present it is worth 73 cents in terms of what it would buy in 1939.

Another highly significant fact revealed by the chart is that for the first time in the history of this nation our Federal debt has exceeded our annual national income.

Before we entered the first World War, national income was $70 billion and Federal debt was $3 billion. Today national income is estimated at $146 billion and our Federal debt is $150 billion with the prospect of mounting to $300 billion before the war is over.

* * *

Hugh W. Long & Co. has a new folder on the Railroad Industry which is both attractive and full of "meat." The record achievement of the railroads and their present position are outlined in text and charts. One chart shows the increase in railroad net income from less than $100 million in 1939 to over $900 million in 1942. At the same time the ratio of operating expense to operating revenue was reduced from 76.4% to 62.3%. Another chart compares the performance of the Railroad Series of New York Stocks, Inc. with the Dow-Jones Rail Average from May 21, 1940, to Aug. 15, 1943. In that period the Dow-Jones Rail Average was up 57.0% and the Railroad Series of New York Stocks was up 144.5%.

The investment portfolio of New York Stocks as of Oct. 1, 1943, reveals that Chicago Pneumatic Tool common was eliminated from the Machinery Industry Series during the month.

In his monthly report to shareholders of Manhattan Bond Fund, Hugh W. Long, President, announces that the Fund has purchased $200,000 par value of U. S. Treasury 2s, 1951-53. A block of 1½% Treasury Notes, series B, 1946, were already held by the Fund.

* * *

Lord, Abbett has released a new folder on American Business Shares, "A Common Sense Way to Own Your Share in American Business." Accompanying this piece is an attractive, pocket-size folder on the same Fund giving portfolio information and outlook for the individual issues held.

Other recent Lord, Abbett publications include a "Composite Summary" of Affiliated Fund, American Business Shares and the various Union Trusteed Funds; a revised folder on UBC; a Union Dealer letter on UBA entitled, "A Way to Secure **Thorough** Diversification Among Better Bonds"; and a descriptive folder on UBA.

* * *

National Securities and Research Corp. sent the following letter to dealers under date of Oct. 5, 1943:

"A telegraphic inquiry from one of our dealers has asked the following two important questions with respect to our bond funds:

(1) "Do we contemplate, or are we working upon any changes in these bond funds into Government or low yield securities.

(2) "Do we contemplate offering any such program direct to shareholders.

"In the belief that some of our dealers may have this same question in mind, we quote below from our telegraphic reply to the wire from the aforementioned dealer:

(1) "'We are not contemplating or working on any plans of putting Governments or low yield bonds in either of our bond funds.

(2) "'Furthermore, we would not, under any circumstances, make any offer to shareholders direct.'

"Should there be any further information desired in respect to this matter we should be very glad to hear from you."

* * *

"Post-War Taxes and Unemployment" is the title of the discussion in the October 7 issue of **Investment Timing.** A sombre picture of post-war unemployment prospects is drawn. In the last war only 25% of our national output was devoted to war purposes and there were only 4,000,000 men to be demobilized. Now 50% of our output is for military purposes and there will be about 11,000,000 men to demobilize after the war.

* * *

"The potential unemployment problem, therefore," states the article, "will be much more severe after this war than after the last one." The only real solution to this problem, according to the discussion, will be in a realistic overhauling of Federal taxes to permit private business to get into peace-time production with a minimum of financial restraint.

* * *

Keystone Corp. is out with another of its bell-ringing, quick-impression sales pieces. This time it's a simple and most attractive little folder entitled, "A Guide to Common Stock Investment." The story is built around a long-term chart of the Dow-Jones Industrial Average showing in color the familiar "Buying Range" and "Selling Range" parallel bars with the Average line fluctuating back and forth between them. At present the Average is only slightly above the indicated buying range.

Tied in with the folder is an issue of **Keynotes** describing the various classes of common stocks available through the Keystone Stock Funds. A later issue of **Keynotes** shows a 28-year chart of discount bonds and lists the reasons why they are attractive investments at current prices.

* * *

Distributors Group has released in quick succession three issues of its **Railroad News** featuring the Rail Shares of Group Securities, Inc., a group which is 100% invested in discount rail bonds. The latest issue is an excellent two-page report on "The Railroad Situation Today." It is crammed full of facts and figures supporting the opinion of the Investment Management Department of Distributors Group that **discount rail bonds as a group are better values today than they were at their 1939 lows!**

* * *

George Putnam Fund has published the Oct. 1 investment holdings of the Fund in an attractive folder which includes a discussion of "What Is a Good Investment These Days." Portfolio changes during September were as follows: **New Purchases** — Bigelow-Sanford, Cerro de Pasco, Ohio Oil, Public Service of N. J. **Additions** —Union Pacific and New England RR. 1st 5s, 1945. **Eliminations**— Boston & Maine RR. (1st "RR") 4s, 1960; Phillips Petroleum conv. deb. 1¾s, 1951; Youngstown Sheet & Tube conv. deb. 4s, 1948. **Reductions**—Northern Pacific Ry. P. L. 4s, 1997; Engineers Public Service $5.50 cum. pfd.; United Aircraft 5% cum. conv. pfd.

* * *

MIT's Brevits quotes the Department of Commerce estimate that liquid savings of individuals in the three-year period 1942-1944 will be substantially larger than the total income of individuals in the best pre-war year, 1929.

* * *

Two additional items of interest are **Hare's Ltd.'s** new folder on aviation stocks and **Selected Investment Co.'s** bulletin on the "Four Freedoms of Investment."

The Securities Salesman's Corner

Have You Ever Met This Fellow?

Some salesmen appear to possess all that anyone would need in order to become a top-notch success. Yet despite these surface indications of superior sales ability they never reach the top.

We have in mind a fellow who fits this description perfectly. He is tall, almost distinguished looking. He is friendly, jovial, poised, intelligent and has had considerable experience in life as well as in business. He is in his middle forties. He is very neat and wears his clothes well. He is earnest and is a persistent worker. He follows through and is consistent in whatever he undertakes to accomplish. He has a strong sense of moral and intellectual honesty. So far pretty good—would you not agree?

With all these good points, plus a knowledge of what he is selling, the unfortunate fact remains that this salesman barely earns a living. The only thing that keeps him going is perseverance. Instead of his being at the top of the sales organization he is at the bottom.

Unfortunately he has one great fault and he doesn't realize it. He doesn't know that he bores people. He talks too much. Or he talks about the wrong things at the wrong time. Or if he talks about the right things he does so at the wrong time. Most of us talk too much—this fellow makes a specialty of it. He's what you call an "ear-bender."

He likes to visit. He's always got a story. If you are busy, if there is something important on your mind, he'll barge right in and start to tell you a long involved tale about something in which you have not the slightest interest. He's the type of fellow nobody dislikes, he's not offensive, he's just the kind, when you see him coming you say to yourself, "here he comes again; I'd better get out of here before he corners me for another half hour."

It is this one weakness that can hold any person back. In the selling field it is a fatal drawback. Talking around a subject instead of straight into the heart of it, is one of the most positive ways to lose an order that was ever invented.

Eventually this unfortunate tendency becomes a habit. Once it attaches itself to its victim it is difficult to break. Sometimes those who have this weakness are unaware of their failing. More careful study of other people, better timing of what you have to say, giving thought and study to what you are going to say before you say it, better choice of words and a conscious effort to be brief and concise—will aid in overcoming this handicap.

There is an old adage "Silence Is Golden." For the fellow who talks too much—or just talks because he enjoys doing so, it's a pretty good rule to follow.

Our Reporter's Report

(Continued from page 1487)

that new senior obligations, which are priced right, will encounter ample demand to provide a real market for debt financing.

Price Inflation, Stocks

The driving force behind the reported leaning of investors toward high-grade equities is recognized as an outgrowth of the sharp fall in the purchasing power of the dollar over the last two or three years.

Those who depend upon their investment incomes to bolster other earnings naturally have been feeling the steady pinch and in consequence are seeking to obtain a higher return even if some element of safety must be sacrificed.

At the same time it is recognized that common stocks, unlike bonds on which the rate of return is definitely fixed, would be in a position to discount any further price inflation, by way of market appreciation.

Plenty of Competition

From all indications there will be plenty of competition, where the new securities are sold via the auction method, as in the case of utilities, as new issues now in the works come up for sale.

This was clearly indicated by the activity among officials of underwriting firms who will be in there seeking after all opportunities in the closing quarter of the year.

Some of the buying and selling department heads among Street firms were on the job Tuesday despite the bank holiday, putting the final touches to their bids to be submitted for the Atlanta Gas Light Co.'s $7,500,000 of first mortgage bonds and 20,000 shares of cumulative preferred stock.

Indicative of the high degree of competitive spirit which prevails at the moment, were conditions surrounding the bidding for these securities yesterday when the company found itself in possession of tenders from several sizable banking syndicates despite the limited size of its offering.

Utilities Versus Rails

Dealers who are in touch with the operations of large investing organizations from time to time, such as the insurance companies, find that this section of the investment world is a bit cool toward highest grades of utility issues at the moment.

Most power and light issues brought out since the turn of the year have carried low coupons, and since their appearance have been subject to price appreciation which has dropped the yield in great many instances below the 3% level which such buyers still adhere to as a minimum return.

Consequently there is a disposition in such quarters now, dealers report, to look more kindly toward some of the more attractive ralroad liens where frequently the maturity is shorter and the rate of return a good deal more to the liking of potential buyers.

Colo.-Southern Looks Good

The $4\frac{1}{2}$s of 1980 of Colorado & Southern offer an attractive situation at the present time according to an interesting memorandum issued by Hicks & Price, 231 South La Salle Street, members of the New York and Chicago Stock Exchanges. Copies of this memorandum may be had from the firm upon request.

Chicago Rapid Transit Situation Of Interest

Chicago Rapid Transit Co. offers interesting possibilities according to a late brochure issued by Leason & Co., Inc., 39 South La Salle Street,, Chicago, Ill. Copies of this brochure will be sent by the company on request.

Reduction In Taxes To Stimulate Purchasing Power After War Urged By Ruml

Declares Business Is Committed To Take Initiative In Creating Jobs

Advocating reduction of taxes rather than a public works program to combat mass unemployment in the post-war period, Beardsley Ruml, Chairman of the Federal Reserve Bank of New York, asserted on Oct. 11 that the stimulus to purchasing power, when needed, may well come through reduction of taxes. Mr. Ruml, Treasurer of R. H. Macy & Co., and author of the pay-as-you-go income tax plan, expressed his views before the Steel Founders Society of America at the Waldorf-Astoria Hotel, and in his address said:

"Why not leave at home for expenditure by the individual, income that otherwise would have to be pumped out again in order to maintain high employment?

"We must not expect too much from a public works program as a general support for high employment. The most we can expect, and this is no small gain, is that public works can be planned and undertaken in such a way as to even out the activities of the construction industry throughout the year and year after year. If we could only achieve reasonable balance in the construction industry itself a great deal would have been accomplished."

The foregoing is from the New York "Times," which further reported Mr. Ruml's remarks as follows:

"Mr. Ruml pointed out that most business men agree that the elimination of mass unemployment is the first requirement for the post-war period, and declared that business is definitely committed to take the initiative and do its part in creating post-war jobs.

"'Many will go so far as to agree that unless mass unemployment can be eliminated under a system of private business enterprise, private business enterprise will be supplanted by some other arrangement for the production of goods and services,' he said.

"He asserted that it would be folly to expect business to make the transition from full wartime employment to high peacetime employment without cooperation from Government at every level, Federal, State and local.

"'In addition, we require for success in the attack by business and Government on the danger of mass unemployment,' he said, 'a commitment on the part of Government that through an explicit fiscal and monetary policy it will act when business cannot act to sustain employment and effective demand.'

"He warned that business may be properly apprehensive regarding the fiscal and monetary policy.

"'It may be apprehensive, not that the intentions of Government will be hostile or even indifferent, but that, unless the preparatory organizational work is done now, the Federal Government will be helpless in executing even the most elementary collaborating program,' he said.

"Mr. Ruml explained that the Committee for Economic Development has taken the peacetime expansion of private business as its first and single job. He said the Committee is a business man's organization set up for discharging this special responsibility of business in the post-war period 'through the expansion and stimulation of business activity on a strictly sound business basis to make the maximum business contribution to high employment and sustained employment.'

"He outlined the goals 'to shoot at' for the post-war period and named them as 'high employment and high production, maximum activity of private enterprise and effective compensatory fiscal policy, a public-works plan to contribute to a more efficient and stable construction industry, a minimum protection against the hazards of life and, finally, an improvement in the operations and provisions of our representative legislative process.'

"Congress should be encouraged to provide itself with more adequate technical and professional service, he said. He declared that Congress has not made the provision for its own needs that modern times require."

Investment Cos. Ass'n Holds Annual Election

Announcement has been made by the National Association of Investment Companies of the election to the Executive Committee of the Association of Hugh B. Baker (New York), President, Blue Ridge Corporation; Edward C. Johnson, 2nd (Boston), Vice-President and Treasurer, Incorporated Investors; Hugh W. Long (Jersey City), President, Manhattan Bond Fund, Inc.; and Jonathan B. Lovelace (Los Angeles), President, The Investment Company of America. These men were elected in the regular annual balloting of the Association for the three year term commencing October 1, 1943.

Those continuing to serve on the Committee are O. Kelley Anderson, President, Consolidated Investment Trust; George M. Gillies, Jr., President, The Adams Express Company; Merrill Griswold, Chairman, Massachusetts Investors Trust; James H. Orr, President, Railway and Light Securities Company; Cyril J. C. Quinn, Vice-President, Tri-Continental Corporation; S. L. Sholley, President, Keystone Custodian Funds, Inc.; Hardwick Stires, Vice-President, Scudder, Stevens & Clark Fund, Inc.; Richard Wagner, President, The Chicago Corporation; and Paul Bartholet, Executive Director of the Association.

By recent amendment to the Association's Charter, to become effective October 1, 1943, the scope of its activities was broadened. Henceforth the Association will concern itself with all matters of genreal interest to the investment company business, including questions of public policy. To date, the Association's efforts have been confined primarily to regulatory and other problems arising in connection with the administration of the Investment Company Act and State securities laws.

The membership of the National Association of Investment Companies comprises 120 companies with combined assets of approximately a billion and a half dollars, and includes substantially all active management companies in the field.

World Bank Plan Hailed

The Treasury Department's proposal for a $10,000,000,000 world bank for post-war reconstruction was welcomed in Lisbon, Portugal, on Oct. 8 by the newspaper Diario de Lisboa, which said the Associated Press, which reported:

"It is a colossal effort that only a powerful, rich nation, full of generosity and capable of large-scale initiative, could realize," Diario said. "Peace would be another war just as dreadful and dangerous if victory should serve only to give satisfaction to plutocratic appetites."

Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

As was pointed out in this column on Sept. 16 and Sept. 30 respectively, fire and casualty insurance companies reported, in general, improved operating results for the first half of 1943 compared with the first half of 1942, also a very substantial growth in surplus. This week it is of interest to note how the market appraises the situation of representative fire and casualty companies, as manifested in the market action of their stocks since the close of 1942, up to and including the last day of the third quarter of 1943.

In Table I, the market prices of 35 active fire insurance stocks are shown as of Dec. 31, 1942 and as of Sept. 30, 1943, and also the respective percentage market appreciation of each. Stocks marked with an asterisk are those which comprise Standard & Poor's Weekly Fire Insurance Stock Index. It will be noted that every one of the 35 stocks has advanced appreciably over the past nine months. Firemen's Insurance (Newark) shows the largest gain, with an appreciation of 42.7%, and United States Fire the least gain, with an appreciation of 6.6%. The average appreciation of the group is 16.8%.

In Table II, the market prices of 13 active casualty and surety stocks for the same two dates are shown, together with the corresponding percent market appreciation of each. Again, all stocks show a substantial gain, Maryland Casualty leading with an appreciation of 68.8%, and Aetna Casualty and Surety trailing with 4.9% appreciation. Average appreciation of the 13 stocks is 21.5%. Stocks marked with an asterisk are those which comprise Standard & Poor's Weekly Casualty Insurance Stock Index.

TABLE I
FIRE INSURANCE STOCKS

Stock—	Market Price (asked) 12-31-42	Market Price (asked) 9-30-43	Per Cent Appreciation %
*Aetna	51½	58¼	13.1
Agricultural	69½	79½	14.4
Am. Alliance	21⅛	25¼	19.5
Am. Equitable	17½	21	20.0
*Am. Insurance	14⅝	16	9.4
Balitmore Am.	7¼	8⅝	19.0
Bankers & Shippers	71¾	89½	24.7
Camden	20⅛	22⅝	12.4
*Continental	42	49⅜	17.6
City of N. Y.	16¾	20¾	23.9
*Fidelity-Phoenix	44¼	50	13.0
*Fire Association	54¼	73½	35.5
*Fireman's Fund	75¼	91½	21.6
*Firemen's Ins.	10¼	14⅝	42.7
Franklin	28⅝	31½	10.0
Glens Falls	38¾	45¼	16.8
Globe & Republic	8⅝	10¾	24.6
*Great American	27¾	31⅜	13.1
Hanover	24⅝	30¼	22.8
*Hartford	93	102	9.7
*Home	29⅜	33⅝	14.5
*Ins. Co. of N. A.	71¾	86¾	20.9
Merchant's Fire	45⅞	51	11.2
*National Fire	56¼	64¼	14.2
*National Liberty	7½	8⅞	18.3
New Brunswick	30⅜	34½	13.6
New Hampshire	42½	50¼	18.2
New York Fire	12⅝	15⅞	25.7
*North River	23½	25⅝	9.0
*Phoenix	86	92½	7.6
Prov. Washington	33⅛	39⅝	19.6
*St. Paul F. & M.	268	314	17.2
Security	37¼	39⅞	7.0
*Springfield F. & M.	124½	133	6.8
*United States Fire	49¼	52½	6.6
Average			16.8%

*These 18 stocks comprise Standard & Poor's Fire Insurance Stock Index.

TABLE II
CASUALTY & SURETY STOCKS

Stock—	Market Price (asked) 12-31-42	Market Price (asked) 9-30-43	Per Cent Appreciation %
*Aetna C. & S.	142½	149½	4.9
*Am. Surety	54	61¾	14.4
*Cont. Cas.	37	43⅜	17.2
*Fid. & Dep.	128	147	14.8
*Hartford S. B.	44¼	47½	7.3
Maryland Cas.	4	6¾	68.8
*Mass. Bond	68¼	74½	9.2
*New Amst. Cas.	23⅛	30	29.7
Pacific Ind.	40⅝	51¼	26.2
*Pref. Acc.	14½	16⅞	16.4
Seaboard Surety	44⅜	55¼	24.5
Stand. Acc.	58⅝	68¾	17.3
*U. S. Fid. & Guar.	31¼	40⅛	28.4
Average			21.5%

*These 9 stocks comprise Standard & Poor's Casualty Insurance Stock Index.

It is now of interest to compare the market action of insurance stocks with the general market, as summarized below:—

PERCENT MARKET APPRECIATION
12-31-42 to 9-30-43

	%
Fire Insurance Stocks (average of 35)	16.8
Fire Insurance Stocks (S. & P. Index)	14.9
Casualty Ins. Stocks (average of 13)	21.5
Casualty Ins. Stocks (S. & P. Index)	13.7
Dow Jones Industrial Averages	17.4
Dow Jones Composite Averages	22.4

Apparently the market is placing a favorable appraisal on the outlook for the fire and casualty insurance business. The forward movement of their stocks, however, began from the 1942 market low, and not on Dec. 31, 1942; measuring from the actual low of the market on April 28, 1942, the fire stock index has appreciated 39.5%, and the casualty stock index, 43.3%. Insurance stocks have not yet reached their 1936 highs, and would have to more than double in value to approach their 1929 highs.

New York Bank Stocks Compared For 3rd Quarter

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have prepared an interesting analytical comparison of New York City Bank Stocks for the quarter ended Sept. 30. Copies of this comparison may be had from the firm upon request.

DIVIDEND NOTICES

NASD Fines Case To Be Heard By SEC Oct. 21

Oral argument on briefs submitted by the staff of the Securities and Exchange Commission and by the counsel for the National Association of Securities Dealers, Inc., in connection with fines imposed by the NASD upon about 70 dealers for alleged violation of a price maintenance agreement will be heard by the Commission on October 21st.

The alleged violations occurred about four years ago in connection with the original distribution of a $38,000,000 bond issue of Public Service Co. of Indiana.

The legality of price maintenance provisions in syndicate agreements has never, it is believed, been considered by a court, the present case being the first occasion the SEC has had to consider the question.

The NASD acted against the dealers involved in the alleged violations under one of its rules requiring adherance on the part of its members to "just and equitable principles of trade" as provided in the Maloney Act, from which the association draws its existence and powers.

Hearings were previously reported in the "Financial Chronicle" of September 30th, page 1296, and October 7th, page 1404.

Situation Attractive

The current situation in Struthers Wells Corporations offers attractive possibilities according to a special memorandum issued by Ryan-Nichols & Co., 105 South La Salle Street, Chicago, Ill. Copies of this interesting memorandum may be had from the firm upon request.

Municipal News & Notes

Recent Canadian press advices suggest that the Alberta provincial government is desirous of reopening discussions with representatives of bondholders relative to establishing a program for the refunding of the province's outstanding funded debt. In this connection, it is noted that the province is now in default on some $31,000,000 in principal maturities and $22,000,000 in bond interest.

It is recalled that when the original negotiations between interested parties collapsed in 1941, there was a difference of only ½% in the interest rate the bondholders' representatives were willing to recommend and what the government was willing to pay. The former asked for a 4% coupon in a refunding plan and the government offered 3½%. However, although Alberta is now offering to pay an interest rate averaging 2.44% on its debt, both matured and unmatured, having arbitrarirly reduced the contractual rate by 50%, it is now reported that the government might be willing to agree to a 3¾% coupon in refunding negotiations.

It is not known, of course, whether the slightly higher rate would be agreeable to bondholders in view of their original request of 4% and considering that the finances of the province, generally speaking, are now considerably more favorable than was true in 1941.

Evidence of this improved position is seen in the reported refusal of the Dominion government to renew a maturity of $400,000 in provincial treasury bills that became due on Sept. 1 last. The Dominion government is said to hold $28,000,000 of such obligations, representing borrowings by the province in the depression years for unemployment relief purposes.

Up to Sept. 1, the Dominion has always renewed this debt as it matured, at a rate of 3%. With regard to the Sept. 1 maturity, however, Finance Minister Ilsley is reported to have taken the position that the province is now able to pay its debt and has rejected Alberta's request for extension of the loan. A second treasury bill for $1,600,000 became due on Oct. 1 and the general speculation is that Mr. Ilsley will insist upon payment in this instance too.

Commenting on the prospect of an early resumption of refunding discussions, the "Financial Post" of Toronto on Oct. 9 stated as follows:

One snag in a refunding plan, and which proved a major hurdle in the 1941 negotiations, is what to do about the defaulted interest. One suggestion is that the province would agree to pay this at the rate specified in the refunding plan, and might make it retroactive to June 1, 1936, when the government arbitrarily cut the coupon interest rates in half.

Undoubtedly there is stronger support for the advocates of refunding on the Social Credit side than in the earlier years of the administration. On one occasion the government caucus decided that no matter what scheme was put forward, the rate should not exceed what the government then was offering to pay, or approximately 2½%.

Later, the caucus relented and it gave the government a free hand to negotiate with the bondholders, on the understanding that it would report back to the caucus. This was followed by the opening of the fateful 1941 parleys between a joint committee from the province and the bondholders.

Unless there is some major move that would change plans, there may be a provincial general election within the next 18 months. The term of the present house expires in March, 1945.

It is claimed in some quarters that there will be a "big push" from the government side to bring about the adoption of a refunding scheme not later than next year. This then would be one of the major platform appeals that the administration would make for a renewal of confidence at the hands of the electorate.

Philadelphia Exchanges Stimulated as Deadline Nears

Stimulated by announcement that there would be no further extension beyond Oct. 30, 1943, of the exchange offer under the City of Philadelphia Refunding Plan of 1942, more than $13,000,000 principal amount of additional bonds have been exchanged during the past week, bringing total exchanges to date under the 1942 plan to more than $83,000,000 and total exchanges under the 1941 and 1942 plans to more than $166,000,000, Drexel & Co. of Philadelphia and Lehman Bros. of New York, account managers of the group of investment firms and banks which is carrying out the refunding operation, announced Oct. 13.

Under the offer of exchange, holders of certain isues of the city's bonds optional for redemption between 1944 and 1953, may exchange their bonds for new refunding bonds of 1965 or 1975 maturity which, where redeemable, have extended callable dates but bear the former rates of interest to the original callable dates and thereafter bear interest at 3¼%.

As a result of the additional exchanges six more series of the new refunding bonds of 1975 maturity have been closed out although bonds of 1965 maturity are available in these particular series.

Honor Bache Employee Retiring After 52 Years

A farewell dinner was given by the Bache Quarter Century Club to Christian Schaefer, who is retiring after 52 years of service with the firm of J. S. Bache & Co.

Twenty-nine of the 32 members of the club were present. The partners, who are not members of the club, and two former partners, Stephen D. Bayer and Fred L. Richards, were guests.

Mr. Schaefer has purchased a home in Miami, where he plans to reside. Jules S. Bache, senior partner of the firm, made Mr. Schafer honorary manager of the Bache Miami office.

The club was organized last year, and the dinner, held in the Blue Room of the Hotel Brevoort, was the second affair conducted by the club.

Rail Stocks Interesting

Certain leased line stocks of the Delaware, Lackawanna & Western Railroad offer interesting possibilities at present levels according to a discussion of the situation contained in the Oct. 1 "Railroad Securities Quotations" issued by B. W. Pizzini & Co., 55 Broadway, New York City. Copies, containing quotations on guaranteed stocks, underlying mortgage railroad bonds, reorganization railroad bonds, minority stocks and guaranteed telegraph stocks may be had from B. W. Pizzini & Co. upon request.

Attractive Situation

The 4% non-cumulative income bonds of the New York Majestic Corp. offer an attractive situation according to an interesting descriptive circular prepared by Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City. Copies of this circular may be had from the firm upon request.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1492)

rant reentry and jeopardizing these profits.

* * *

From the end of September to the first week of October prices went down to fluctuate between 139 to 141. At this point pessimism increased. Yet I thought I saw enough signs to advise readers to buy. But a week later the averages, instead of stopping at 138, penetrated that figure and sold down to about 136. Recalling the position of the market at the highs I asked readers to get out. For even if a rally would occur the mass of offerings at the highs would prevent any advance of more than two points or so. I even played with the idea of holding on for these possible two points in order to get out even or possibly a small profit. But with the trend broken, the odds against such a rally were increasing daily.

* * *

As this is being written the averages are at 136.20 (Wednesday noon). The important point to watch is the 135 price. Should that hold, a rally carrying stocks back to about the highs of October could occur. I am tempted to add that the 140-42 range would be penetrated if it were not for something I saw when the market was at 138. For at 138 a kind of selling came in that disturbed me. Some sources explained this selling as s w i t c h i n g. But whether it was switching or something else isn't important. The fact that it came at a critical point is enough to mean caution.

* * *

Summing it all up the conclusions are: The market is holding on by its fingernails to a figure approximating 135.

* * *

On a rally the 138 price is open to suspicion. With the market now at 136 and a fraction this gives it a leeway of two points in which to swing. Passing through the higher figure would be a good sign. Breaking the lower figure would be the opposite. To buy any stock on such a slim margin entails too many risks. Better to hold off and let the market furnish its own answer.

It is possible that with the world at war, news might suddenly appear to change the picture overnight. Possible but not probable.

* * *

The war has passed the stage where decisions made on the battlefield affect world markets. Political changes, in a larger sense, are the ones to watch.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Third War Loan Now Is Over $18 Billion

The $15,000,000,000 Third War Loan drive, which ended at midnight on Oct. 2, has passed the $18,000,000,000 mark. The Treasury Department reported on Oct. 12 that the incomplete total then amounted to $18,439,000,000.

In praising the "remarkable results" of the loan drive, Secretary of the Treasury Morgenthau explained that, since there were about 60,000 individual issuing agents, the Treasury would not be able to issue a final tabulation until Oct. 18. He expressed the belief, however, that every State in the Union probably over-subscribed its quota.

Sales of war savings bonds in New York State passed the original $4,709,000,000 quota on Sept. 28 and the new $5,000,000,000 goal was exceeded on Oct. 1.

Total sales for the State, as reported on Oct. 6, were $5,486,446,500, it was announced by W. Randolph Burgess, Chairman of the State War Finance Committee. The figure for individual sales ($807,700,000) is above the State goal of $796,000,000. Quotas for all other classes of investors were also exceeded. Insurance companies purchased $1,253,400,000 in bonds; savings banks, $850,200,000; dealers and brokers, $606,500,000; Federal agencies and trust funds, $8,300,000; State and local governments, $107,800,000; other nonbanking corporations and investors, $1,895,500,000.

Total sales of war bonds in New York City through Oct. 5 were $4,852,309,500, or 16.5% more than its quota. The original city quota was $4,165,000,000, later raised to $4,500,000,000. Invidual sales in the city, totaling $625,000,000, went above the quota of $559,873,000.

The Third War Loan drive—the largest financing operation in history—began Sept. 9.

Minister To Ethiopia

President Roosevelt nominated on Oct. 5 John J. Caldwell of Kentucky as United States Minister to Ethiopia. Mr. Caldwell has been serving as acting Minister resident and Consul-General in Ethiopia.

Treasury Plan For United Nations RFC Bank—Separate From Currency Stabilization Plan

(Continued from page 1486)

that "The bank may guarantee loans made with private capital to any member Government, and through the Government to any of its political subdivisions and to business and industrial enterprises in the member country.

"The bank may participate in loans made with private capital or make loans out of its own resources only when the borrower is unable to secure the funds from private investment sources on reasonable terms."

Further below we give the plan in detail. It is understood that Secretary of the Treasury Morgenthau had informed interested committees of the Senate and House in closed sessions on Oct. 5 regarding the proposed bank. It was explained by Harry D. White, Director of the Treasury's Division of Monetary Research and author of a previously published proposal for post-war monetary stabilization, that the Treasury had not intended to make it public until it could be submitted to other governments, but disclosures in London of what is said to be an incorrect version led the Department to release copies on Oct. 8. Mr. White emphasized that the draft is not an official document and merely represents the views of the Treasury and other departments. On Oct. 8 United Press accounts from Washington said:

"The world bank plan is separate from the currency stabilization proposal," Mr. White said; "either could function separately, but there would be close cooperation between the two should both come into existence."

Under the proposal each country would contribute a share to the fund "according to an appropriate formula." Mr. White said, however, that the formula has not been determined and that he could not estimate this country's share except that it would be "substantial."

The following is the text of the Treasury's "Guiding Principles for a Proposed United Nations Bank for Reconstruction and Development."

Purposes of the Bank

The bank will encourage private financial agencies to provide long-term capital for the sound development of the productive resources of member countries, and when necessary will cooperate with and supplement private capital for such purposes.

Capital of the Bank

The capital of the bank would amount to approximately $10,000,000,000 subscribed by member countries according to an appropriate formula. Member countries will make an initial payment of 20% on their shares.

When the bank needs additional funds for its operations, it may make calls upon the unpaid portion of subscriptions as needed, but not exceeding 20% in any one year. A large part of the capital would be reserved, in the form of uncalled subscriptions, as a surety fund against securities guaranteed or issued by the bank.

The initial and subsequent payments are to be made partly in gold and partly in local currency. The proportion paid in gold, not exceeding 20% of the payment, will be fixed by a schedule which takes into account the adequacy of the gold holdings of each member country. The local currencies held by the bank are to be repurchased by member countries with gold at the rate of 2% of the subscriptions annually.

Powers and Operations of the Bank

The bank may guarantee loans made with private capital to any member government, and through the government to any of its political subdivisions and to business and industrial enterprises in the member country.

The bank may participate in loans made with private capital or make loans out of its own resources only when the borrower is unable to secure the funds from private investment sources on reasonable terms.

The decisions of the bank will be based exclusively on economic considerations. In passing upon any application to guarantee, participate in, or make a loan, the bank shall give consideration to the soundness of the investment project or program, to the budgetary position of the member government guaranteeing the loan and to the prospective balance of payments of the member country.

All loans which the bank guarantees, participates in, or makes must fulfill the following general conditions: (a) payment of interest and principal must be fully guaranteed by the national government of the member country; (b) the investment project or program must have been investigated and approved by a competent committee; (c) the terms of the loan must be reasonable, and (d) on guaranteed loans the bank must be compensated for the risk it assumes.

The bank will impose no conditions as to the member country in which the proceeds of a loan are to be spent. When a loan is made by the bank, it will credit the account of the borrower with the amount of the loan and payments in the appropriate currency or currencies will be made from this account to meet audited expenditures. No loan may be made in the currency of any country without its approval.

Payments of principal and interest must be made in free currencies, or by agreement, in the currency in which the loan was made. In the event of an acute exchange stringency, payments of interest or principal may be made for a reasonable period in local currencies to be replaced subsequently with free currencies.

The bank will deal only with or through the governments of member countries, their central banks and fiscal agencies, and with or through international financial agencies that are owned predominantly by member governments.

However, with the approval of member countries, the bank may guarantee international loans placed in their countries, and may sell or pledge any of its own securities, or securities taken from its portfolio in the markets of such countries. With similar approval, the bank may sell gold or foreign exchange held by the bank after consultation with the International Stabilization Fund.

The resources of the bank shall be used for the benefit of the member countries.

Management of the Bank

The administration of the bank will be vested in a board of directors consisting of one director, or his alternate, appointed by each member government. The board will appoint an executive committee and an advisory council and such other committees as it finds necessary for the work of the bank. The voting power of the member countries will be closely related to their share holdings.

A country may withdraw from membership by giving one year's notice. The shares of any member country that withdraws from membership would be repurchased by the bank over an appropriate period at par or at book value if that is less than par.

One-fourth of profit should be applied to surplus until surplus equals 20% of the capital. The remaining profits will be distributed in proportion to shares held.

The Effect Of War On Currency And Deposits

(Continued from page 1488)

money in retail stores. In addition, enormous additional sums of currency are needed for the payment of the millions of men in the armed forces.

A further factor tending to the holding of larger amounts of currency by the public, says the report, is that "many of the individuals receiving increased income and dependency allowances have never been accustomed to handling their affairs through banks." Shifts in population to new surroundings, inconveniences in the way of establishing new banking connections, and the temporary nature of the residence of many workers have had a like effect.

One interesting new aspect of the larger amount of currency in circulation is that, in terms of total value, $20 bills for the first time have supplanted $10 bills throughout the country as the most widely used monetary type.

Greatest Increase in Checking Deposits

While currency in circulation increased roughly $8,000,000,000 in the three and a half year period covered by the study, the other main form of "money" used by the American people, checking deposits in the banks (including Government deposits), increased roughly $29,000,000,000 in the same period.

One of the new lessons widely learned by the American public during the Third War Loan Drive just ended was that the reason for confining the $15,000,000,000 Third War Loan to individuals and business firms was that governmental borrowing from banks is, in many respects, equivalent to the manufacture of so much paper money.

As part of his study, Dr. Whittlesey describes the process by which the volume of demand deposits in the banks, ultimately coming to the disposal of the general public, is increased by bank purchases of government obligations. This is, he points out, "one of the most ingenious operations of the entire financial system, yet it is sufficiently subtle to remain a mystery to most customers of banks, and even, it may be said, to many bankers."

Increase Here to Stay

Formerly, expansion and contraction of checking deposits automatically reflected the changing money needs of business and the public, but one of the most significant results of war financing is that, since the vastly increased deposits are now based on bank ownership of government obligations, "any automatic tendency toward early contraction of the supply of deposits has now disappeared." In short, the increased volume of deposits generated during war may be here to stay.

Currency in circulation—that is, paper money and coins—may be expected to decrease with the war's end, Dr. Whittlesey holds, for various reasons which he outlines. The main portion of the nation's money supply, however—its circulating bank deposits—are likely to remain at the high volume established by the war unless they are reduced to two developments: partial payment of the Government debt, or absorption of Government obligations now in bank portfolios by sale to individual or institutional investors.

Money Now Comparatively Idle

One notable contribution of the study being commented upon in financial circles is the emphasis given to the fact that, in spite of the spectacular increase in the nation's money supply, the money at the command of individuals and business firms has been, as a total, more idle during the war than has been generally realized.

The velocity of bank deposits in 101 leading cities, as computed by the Federal Reserve Bank of New York, declined in the three war years from 22.5 to 20.5 times per annum.

The causes of this significant phenomenon, the author finds, is that "some businesses and individuals have increased their holdings of deposits and currency in order to provide for growing tax liability, the purchase of Government bonds, debt retirement, further purchases of goods and other emergencies. Such accumulations slacken the rate at which money circulates. Heavier balances of the treasury have also had some effect."

"Inflationary Gap" Theory Criticized

This enhanced "idleness" of our total money supply during the war provides the basis in the study—together with other considerations—for some criticism of the validity of the "inflationary gap theory" which has been so much stressed in Washington legislative and administrative circles.

The total dollar figure of income received by the public may be vastly greater than the dollar value of goods available for purchase by consumers, but this mathematical "gap" has an effect in increasing the general price level only to the degree that the added money income is put to use by the recipients.

"Income retained in the form of idle balances," the author points out, "does not exert any direct influence on prices."

This frequently overlooked factor, he finds, is one of the several marked influences explaining the moderate rise in the American price level during the present war compared with previous wars, in spite of the fact that the nation's money supply has increased more during the past three and a half years than in the preceding century and a half.

After-the-War Inflation Problems

"It is likely," Dr. Whittlesey says, "that for some time after the war the task of preventing the sudden release of reserves of purchasing power—cash and liquid claims—will be one of the major problems of monetary and fiscal policy.

"The potentialities inherent in a large volume of idle balances constitute a dynamic element of considerable significance, while the possibility of exercising some degree of control over this latest force represents an important strategic problem in the battle against inflation."

Linked with this phenomenon of present unused money at the command of business firms and individuals, are so-called "liquid claims" which, under our monetary system, can be quickly converted into additional currency or checking bank deposits.

These "liquid claims"—not included by economists in the totals of our "circulating medium" or money supply, because they are not actually used by the people in purchasing property or services—consist of time deposits of large corporations and institutions, savings deposits, War Savings Bonds and various short-term Treasury certificates such as tax notes.

When these "liquid claims," quickly convertible into cash, are added to our circulating medium—that is, checking deposits and currency—the "liquid resources" at the command of the public increased, according to the study, $72,000,000,000 in the three years ending in 1942.

"The existence of a large volume of obligations payable on demand (as in the case of demand deposits and War Savings Bonds) or after a short period of time (as in the case of time deposits and short-term Treasury obligations) inevitably raises the question of the possibility of strain in case any exceptionally high proportion of the claims are liquidated at any given time.

"The basis for the present concern over these liquid claims lies in the clear fact that their volume is not only higher than ever before in their history, but is rapidly expanding."

Post-War Problems Being Created Now

A final point very strongly emphasized by Professor Whittlesey is the need for those in charge of fiscal policy to remember that post-war finances will be determined in large part by war finance.

"Probably the most important conclusion to be drawn from the analysis presented in this paper," he says of his own report, "is that the methods of borrowing employed during the war will influence what the Treasury and the banks will be able to do in the post-war period."

"Fiscal policy is construed much too narrowly if we think of it independently of the circumstances in which it is expected to operate. Not the least of these external circumstances is the volume of circulating medium."

"It is essential to recognize at all times that the policies of today are setting the stage for the policies of tomorrow. This is true in the realm of fiscal policy; it applies also with respect to central bank policy and to the policies of individual banks. We are helping to determine today both what must be done at some future time and how it can be done."

State Chamber Urges Retail Sales Tax

The adoption of retail purchases taxes for the duration of the war only, to raise approximately $5,000,000,000 and to retard inflation, was urged in the program approved Oct. 7 by the Chamber of Commerce of the State of New York. This proposal was one of the 12-point program for unified tax action approved by representatives of 21 State Chambers of Commerce at a recent meeting in Chicago. The New York Chamber has approved as a whole the principles of the program (noted in a separate item in this issue).

In taking the sales tax action, the Chamber said:

"We have studied the various alternative taxes which might be employed to obtain additional funds, and we have come to the conclusion that the most suitable sources of new revenue are taxes upon purchases at retail.

"Such taxes would check inflationary consumer spending.

"Many of our States now tax purchases at retail. Their experience proves that such taxes would be feasible.

"We are convinced, in view of the enormous increase of money in the hands of consumers, that retail purchase taxes at rates sufficiently high to produce approximately $5,000,000,000, a year, would not be over-burdensome."

Rock Island Interesting

Raymond & Co., 148 State St., Boston, Mass., have prepared an interesting discussion of the reorganization plan proposed for the Rock Island with particular reference to this railroad's general 4s of 1988 and the first refunding 4s of 1934. Copies of this memorandum may be had upon request.

Cgo. Tractions Interesting

The current situation in Chicago Traction securities offers interesting possibilities according to a comprehensive circular prepared by Brailsford & Co., 208 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange. Copies of this circular may be obtained from the firm upon request.

Competitive Bidding In Rail Securities

Reply Brief By Halsey Stuart & Co. States Study Fails To Show ICC Has Lesser Authority Than Other Regulatory Bodies

A comparison of the statutes, the legislative history and the announcements of the Interstate Commerce Commission and of other regulatory bodies, including the Securities and Exchange Commission, fails to disclose any real basis for the contention that the ICC has a lesser authority or responsibility with respect to the public interest involved than have other commissions which have required competitive bidding, Halsey, Stuart & Co. Inc. and Otis & Co. declare in a reply brief filed with the Commission in reply to the arguments advanced by the opponents of competitive bidding.

"The advice which the issuer ordinarily requires in financing, if it requires any, is just as readily obtained under competitive bidding as under private negotiation," the brief asserts. "The most important advice required in private negotiation is the adequacy of the price proposed to be paid, and this can obviously not be obtained from the underwriter. If the carriers are competent under private negotiation to obtain the advice they need with respect to the most difficult element in financing—price — they are surely competent enough to obtain the advice they need with respect to the type of securities to be issued.

"Competitive bidding relieves the regulatory body of its present great concern with price—essentially a function of the market—and enables it to consider more effectively the financial policies that underly proposed financing plans, and whether these policies conform to the standards which the Commission must maintain in the public interest."

The system which the opponents of competitive bidding favor, the brief asserts, "makes the investment banker the exclusive advisor to both borrower and lender as to conditions and prices, yet he owes no fiduciary obligation to either, and is definitely in the deal with his own financial stake for his own profit."

In answer to the claim that competitive bidding will result in less wide distribution of securities, Halsey, Stuart & Co., Inc., and Otis & Co. declare that from the record it appears that competitively sold issues have actually been distributed more widely than have negotiated issues.

Rule On Salesmen's Commissions Modified By Internal Revenue Commissioner

The Treasury ruling governing ceiling control of income of salesmen receiving income from commissions was modified on Oct. 7 by Commissioner of Internal Revenue Guy Helvering, who has granted employers of salesmen permission to pay commissions due to employees for September and October where neither the rate of commission nor other compensation has been increased since Oct. 2, 1942.

In Washington advices Oct. 8 to the New York "Times," it was pointed out:

"It was a blanket order to employers of salesmen to ignore, temporarily, the new bureau rule of Sept. 4 requiring that applications be made for payment of commissions in excess of those paid in the preceding year.

"The announcement came following a number of conferences with employers, who had protested vigorously the sudden change of rules. The brokers on stock exchanges and over-the-counter markets were said to have been especially concerned because the past year has been unusually good for them.

"Commissioner Helvering said an announcement would be made as soon as possible about what the rules will be after this month. Although he did not say so, he probably will consult with Fred M. Vinson, Director of Economic Stabilization, before reaching a decision."

An announcement in the matter by the New York Stock Exchange Department of Member Firms on Oct. 8 to members of the Exchange was issued as follows by Edward C. Gray, Director of the Department:

Compensation of Registered Employees

The Exchange is in receipt of the following communication from the Treasury Department, Washington, D. C.:

"Treasury Department,
"Washington.
"Press Service
"No. 38-97.

"For Immediate Release
"Thursday, Oct. 7, 1943.

"Commissioner of Internal Revenue Guy T. Helvering today granted employers approval to pay, without formal application, any commissions due to employees for September or October, in all cases in which neither the rate of commission nor the amount, of any other compensation, has been increased since Oct. 2, 1942.

"Except in cases where there has been an increase in the rate of commission or in the amount of any other compensation—such as base salary—Mr. Helvering has, in effect, authorized for the two months payment of commissions on the same basis permitted earlier in the year.

"The approval was granted under revised salary stabilization regulations issued Sept. 4, 1943, which required approval before the payment of commissions exceeding in dollar amount the payments in the last accounting year prior to Oct. 3, 1942.

"The Salary Stabilization Unit of the Bureau of Internal Revenue has under consideration future policy regarding the stabilization of commissions, bonuses and similar forms of compensation. These problems have been discussed in the unit this week with representative employers. A further statement to the public on these matters will be made as soon as practicable."

The New York Stock Exchange has also urged upon the Treasury Department continuance of provisions in the regulations to permit the payment of registered employees on the same basis as heretofore, or in the absence thereof issuance of a blanket approval for such continuance for all members of the Exchange.

N. Y. Analysts to Meet

Sumner T. McCall, Vice-President of the American Brake Shoe Company, will address the luncheon meeting of the New York Society of Security Analysts, Inc., on Oct. 14. Mr. McCall will speak on the American Brake Shoe Co.

On Oct. 15, J. W. McInerney of Wood, Walker & Co., will speak on the Denver & Rio Grande Western reorganization.

John L. Collyer, President of the B. F. Goodrich Co., will speak on "Rubber—Today and Tomorrow," at the Oct. 18 meeting.

G. Wyman Carroll, Jr., Assistant Superintendent of Insurance for Connecticut, will address the Association on Oct. 21 on Insurance Company stocks.

All meetings will be held at 12:30 p.m. at 56 Broad St., New York City.

Post-War Taxes And Unemployment

(Continued from page 1487)

foreign demand, a few manufacturing industries will maintain their present levels for a long time, such as food and kindred products, tobacco manufacturers, lumber and timber basic products, printing and publishing, products of petroleum and coal, and leather products.

As there will be many more individuals seeking employment than in former peace-time years, industry will have to operate at a high level of activity to absorb them. The ability of business to give "full employment" will be conditioned to a considerable degree by its ability to operate at a reasonable profit. The great post-war backlog of demand and the accumulated purchasing power built up during the war are strong helpful factors.

Tax Adjustment Needed

Corporate taxes are now at the highest point in our history, and there is general agreement that they must be reduced substantially after the war. Some large corporations have surplus and reserves adequate for conversion from war plants to peace production, but many have not; after shouldering income and excess profits taxes and the ordeal of renegotiation, many will find themselves short of adequate reserves for reconversion.

Congress must devise a tax system that while producing the large amounts of revenue the Government will require — some estimates place it at $20,000,000,000 annually—will also encourage an expanding economy able to maintain full employment, foster incentive, and encourage business men to take risks and develop new enterprises. Congress took a step in the right direction last year in ameliorating the capital gains tax, and it could go further in sympathetic consideration of those who embark on new business ventures and thus prove a factor in taking up the slack of unemployment.

Conclusion

Post-war tax measures will obviously be one of the most important factors in the success or failure in maintaining a satisfactory level of employment.

Prospects are that:

(1) Some measures to permit corporations to set aside reserves for conversion, and to provide contract cancellation relief and severance pay with government funds, seem likely. These measures will need to be passed before the war's end or very promptly at its end.

(2) Excess profits taxes will probably be abolished or greatly reduced quickly after the end of the war, and if carry-over and carry-back provisions are kept they should prove helpful.

(3) Corporate normal income tax and surtax will probably remain substantially higher than before the war for a lengthy period.

Under the above conditions, taxes should not be a bar to business in providing sufficient employment, but if tax conditions are less favorable than this they are likely to cause difficulties. The probability is that post-war taxes will not prove insurmountable as a business problem.—*From "Investment Timing" issues by the National Securities & Research Corp., New York City.*

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**Louis L. Bucklin**, formerly with Moody's Investors Service for twelve years, is now associated wtih **Carrere & Co.**, 65 Broadway. **Captain John Carrere**, a partner of the firm, is now on active duty with the Marine Corps in the Pacific.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Henry DeFord, Jr.** is now with **Kidder, Peabody & Co.**, 115 Devonshire Street.

(Special to The Financial Chronicle)

BOSTON, MASS.— **John J. Garrison** has been added to the staff of **J. Arthur Warner & Co.**, 89 Devonshire Street. Mr. Garrison was previously with Davenport & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Richard E. Murphy** has become associated with **Kneeland & Co.**, 141 West Jackson Boulevard. Mr. Murphy was previously with Channer Securities Company for a number of years. In the past he had his own investment business in Chicago.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Samuel A. McMurray**, for eighteen years with Schwarz & Co., has joined the staff of **Merrill Lynch, Pierce, Fenner & Beane**, Board of Trade Building.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Levering E. Taylor** has become associated with **Blyth & Co., Inc.**, 215 West Sixth Street. Mr. Taylor was formerly San Francisco correspondent for the Mercantile-Commerce Bank and Trust Company.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**William D. Stanfield** has been added to the staff of **G. Brashears & Company**, 510 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**N. Milton Boore** is now with **E. F. Hutton & Company**, 623 South Spring Street. Mr. Boore was previously with J. A. Hogle & Co. and Harbison & Gregory.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**L. H. Bullock** has rejoined the staff of **Protected Investors of America**, 130 Montgomery Street.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**George T. Makin** has become associated with **Walston, Hoffman & Goodwin**, 265 Montgomery Street. Mr. Makin was previously with Bankamerica Company.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**William L. Cobb** has become connected with **Lamson Brothers & Company**, Merchants Exchange Building. Mr. Cobb formerly was with Edward D. Jones & Co., and Slayton & Co.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA. — **Maurice L. Foisy** has been added to the staff of **Merrill Lynch, Pierce, Fenner & Beane**, Florida National Bank Building.

Special Committee Appointed To Guard Against Federal Insurance Control

A special committee of three State insurance officials was appointed by the Executive Committee of the National Association of Insurance Commissioners on Oct. 8 to stand guard against Federal legislation which would "usurp the sovereign power of the several States or weaken the American system of free enterprise."

In Chicago advices of Oct. 8 to the New York "Times," it was further reported:

Prior to appointment of the committee, the executive group adopted a resolution declaring that the interests of the insuring public can be served best by proper supervision by State Governments, in keeping with constitutional limits as defined by the Supreme Court during the last 75 years.

The resolution urged State insurance supervisors to "continue their study of pending or proposed Federal legislation, touching the business of insurance, all to the end that they may protect the policy holders of their respective States and to guard against any attempt to usurp the sovereign powers of the several States or weaken the American system of free enterprise."

The committee consists of Thos. J. Cullen, Deputy Insurance Commissioner of New York; Paul F. Jones, Illinois Insurance Commissioner, and John Sharp Williams 3rd, Mississippi Insurance Commissioner and past President of the National Association.

Federal Insurance Control Opposed

(Continued from first page)

"Under a system of this kind there would be thousands of federal office-holders throughout the country exercising descretion about the payment of federal money as benefits to people who are out of work. The temptation to use this system to assure victory at the polls would be well nigh irresistible to any political machine, nor would any civil service rules be likely to stand up against an administration that might need the influence of a social security machine to stave off defeat," Mr. Linton said.

"Care also should be taken to go slowly in the field of temporary disability insurance," continued Mr. Linton, who was a member of the Social Security Advisory Council. "Whatever is done should be on a state basis. Rhode Island, in experimenting with sickness benefits, has already made a beginning. As life insurance companies have found out to their cost, disability is a tricky field, full of administrative pitfalls. When administered by a government agency it is likely to cost a lot of needless money through unfair claims achieved by deception, political favoritism, or collusion.

"Similar danger lies in the proposed socialization of medicine. Both the medical profession and the managers of our voluntary hospitals have come overwhelmingly to the conclusion that such a plan would involve deterioration of service as well as a vast regimentation of the doctors and hospitals, making their services subject to the control of governmental bureaucrats."

Situations of Interest

The current situations in The National Radiator Company and Public National Bank and Trust Co. offer attractive possibilities, according to memoranda being distributed by C. E. Unterberg & Co., 61 Broadway, New York City. Copies of these interesting memoranda may be had from the firm upon request.

Repeal Of Chinese Exclusion Laws And Amendment Of Naturalization Act Urged By FDR

President Roosevelt called on Congress on Oct. 11 to pass the pending bill to permit the immigration of Chinese people into this country and to amend naturalization laws which bar Chinese residents from American citizenship.

In a special message, the President said he regarded this legislation "as important in the cause of winning the war and of establishing a secure peace." Mr. Roosevelt further said that by repealing the Chinese exclusion laws "we can correct a historic mistake and silence the distorted Japanese propaganda."

The measure, which the House Committee on Immigration and Naturalization reported favorably on Oct. 7, would repeal the Chinese exclusion acts dating back to 1882, put the Chinese on a quota basis under the Immigration Act of 1924, allowing about 100 to enter the United States annually; and amend naturalization laws to allow the Chinese citizenship.

A similar measure is pending before the Senate Immigration Committee.

The text of the President's message follows:

"There is now pending before the Congress legislation to permit the immigration of Chinese people into this country and to allow Chinese residents here to become American citizens. I regard this legislation as important in the cause of winning the war and of establishing a secure peace.

"China is our ally. For many long years she stood alone in the fight against aggression. Today we fight at her side. She has continued her gallant struggle against very great odds.

"China has understood that the strategy of victory in this world war first required the concentration of the greater part of our strength upon the European front. She has understood that the amount of supplies we could make available to her has been limited by difficulties of transportation. She knows that substantial aid will be forthcoming as soon as possible—aid not only in the form of weapons and supplies, but also in carrying out plans already made for offensive, effective action. We and our Allies will aim our forces at the heart of Japan—in ever-increasing strength until the common enemy is driven from China's soil.

"But China's resistance does not depend alone on guns and planes and on attacks on land, on the sea and from the air. It is based as much in the spirit of her people and her faith in her Allies. We owe it to the Chinese to strengthen that faith. One step in this direction is to wipe from the statute books those anachronisms in our law which forbid the immigration of Chinese people into this country and which bar Chinese residents from American citizenship.

"Nations, like individuals, make mistakes. We must be big enough to acknowledge our mistakes of the past and to correct them.

"By the repeal of the Chinese exclusion laws we can correct a historic mistake and silence the distorted Japanese propaganda. The enactment of legislation now pending before the Congress would put Chinese immigrants on a parity with those from other countries. The Chinese quota would, therefore, be only about 100 immigrants a year. There can be no reasonable apprehension that any such number of immigrants will cause unemployment or provide competition in the search for jobs.

"The extension of the privileges of citizenship to the relatively few Chinese residents in our country would operate as another meaningful display of friendship. It would be additional proof that we regard China not only as a partner in waging war but that we shall regard her as a partner in days of peace. While it would give the Chinese a preferred status over certain other Oriental people, their great contribution to the cause of decency and freedom entitles them to such preference.

"I feel confident that the Congress is in full agreement that these measures — long overdue — should be taken to correct an injustice to our friends. Action by the Congress now will be an earnest of our purpose to apply the policy of the good neighbor to our relations with other peoples."

Plastics Lectures At N. Y. Finance Institute

J. R. Townsend, Material Standard Engineer of the Bell Telephone Laboratories, was the first speaker in a series of lectures on *Synthetic Plastics*, conducted by the New York Institute of Finance on Monday afternoons from 3:30 to 5 o'clock, beginning Oct. 11, in the Board of Governors' Room of the New York Stock Exchange.

Mr. Townsend's topic was "An Engineer Looks At Plastics." Succeeding lectures will cover "Cellulose Plastics," by W. S. Landis, Vice-President of the Celanese Corporation of America; "Methacrylate Plastics," by Dr. Kenneth E. Martin, member of the Patents Department and former plastics research chemist of the Rohn & Haas Company, and "Bakelite and Vinylite," by representatives of the Union Carbide Division of the Union Carbide and Carbon Corporation. Also included in the series will be "Plastic Plywood," by Lawrence Ottinger, President of the U. S. Plywood Corporation, and "Nylon," by Theodore G. Joslin, Public Relations Director of E. I. du Pont de Nemours & Co.

The public, as well as members of the New York Stock Exchange and their partners, and investment analysts seeking authoritative information on commercial plastics, are invited to attend. Enrollment for the course may be arranged at the New York Institution of Finance, 20 Broad St., New York City. Tuition is $5.

H. O. Peet to Admit

KANSAS CITY, MO.—H. O. Peet & Co., 23 West 10th St., members of the New York Stock Exchange, will admit J. Wallace Jourdan to partnership in the firm on Oct. 21. Mr. Jourdan has been with the firm for some time as office manager.

Sees Bright Rail Future

A. A. Bennett & Co., 105 South La Salle St., Chicago, Ill., have issued an interesting circular discussing the future of railroad securities, which the firm believes will furnish important leadership. Copies of this circular discussing the situation may be had from the firm upon request.

Attractive Situation

Gisholt Machine Co. and Stromberg-Carlson, offer attractive situations, according to memoranda prepared by Herzog & Co., 170 Broadway, New York City. Copies of these interesting memoranda may be obtained upon request from Herzog & Co.

SEC Postpones Suit

MINNEAPOLIS, MINN.—Trial of the injunction suit brought by the Securities and Exchange Commission against Investor's Syndicate, two of its affiliates, and a number of its officers, has been postponed until Oct. 18. Federal Judge Gunnar H. Nordbye and attorneys for both sides agreed to delay the case to give Government attorneys more time to prepare their case.

Fraud in the sale of certificates is charged in the SEC complaint.

Calendar Of New Security Flotations

OFFERINGS

INDIANA STEEL PRODUCTS CO.

Indiana Steel Products Co., has filed a registration statement covering 30,000 shares of 6% convertible preferred stock, $20 par value, and 75,000 shares of common stock, $1 par value (reserved for conversion of 6% convertible preferred stock). By an agreement dated July 9, 1943, between the company and the underwriters, the company has agreed to sell the preferred stock to them at $18 a share.

Address — 6 North Michigan Avenue, Chicago.

The company is the largest exclusive manufacturer of permanent magnets in the United States and distributes its product directly to manufacturers of products in which permanent magnets are a component part. Among such products are: radio and sound equipment, electrical instruments, temperature and pressure controls, polarized relays, Arc back indicators, voltage regulators, traffic signal controls, magnetos, generators, etc.

Underwriters—Brailsford & Co., Chicago, and Kalman & Co., St. Paul, Minn.

Offering price to the public of the preferred stock, $20.00 a share.

Proceeds—Net proceeds from the sale of the preferred stock, estimated at $531,230 after expenses, will be used for working capital. In the opinion of the management, additional capital is required in connection with expanded production incidental to war program, and in the anticipated expanded peace time business.

Holders of the preferred stock may at their option convert such shares from date of issue to and including Dec. 31, 1946, at the rate of 2½ shares of common stock for each share of preferred stock so converted, and after that date, at the rate of two shares of common for each share of preferred.

Registration Statement No. 2-5206. Form S-2. (8-25-43).

Registration statement effective 4:30 p.m. EWT on Oct. 2 as of 5:30 p.m. EWT Sept. 19.

Offered Oct. 4 at $20 per share by Brailsford & Co. and Kalman & Co., Inc.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing (unless accelerated at the discretion of the SEC), except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930 (b).

Offerings will rarely be made before the day following.

THURSDAY, OCT. 14

DELAWARE POWER & LIGHT CO.

Delaware Power & Light Co. as constituted after the merger into it of Eastern Shore Public Service Co., Delaware, has filed a registration statement covering $15,000,000 first mortgage and collateral trust bonds 3% series to be dated Oct. 1, 1943, and due Oct. 1, 1973, and 40,000 shares of preferred stock, cumulative, par $100 per share. The dividend rate on the preferred stock is to be named by bidders when issue is offered for competitive bidding, but is not to exceed 4.4%.

Address—600 Market Street, Wilmington, Del.

Business—Is a public utility operating in the State of Delaware.

Underwriting—The bonds and stock are to be offered by the company for sale at competitive bidding and the names of the underwriters will be supplied by amendment.

Offering—Offering price of the bonds and preferred stock to the public will be furnished by post-effective amendment.

Proceeds—Net proceeds from the sale of bonds and preferred stock, together with a portion, to the extent necessary, of $6,287,063 cash received from the United Gas Improvement Co., parent of the company, in connection with the issue and sale of common stock of Delaware to U. G. I., will be applied to redeem indebtedness and preferred stocks of Delaware Power & Light Co., Eastern Shore Public Service Co. to be merged into Delaware and Maryland Light & Power Co. aggregating $24,822,913.

Registration Statement No. 2-5219. Form S-1. (9-25-43).

SATURDAY, OCT. 16

CHICAGO & SOUTHERN AIR LINES, INC.

Chicago & Southern Air Lines, Inc., has filed a registration statement for 107,989 shares of common stock, no par value. Of the shares registered, 60,000 shares, to be evidenced by voting trust certificates registered under a separate registration statement—see statement below—are to be offered by or through underwriters at a proposed maximum public offering price not exceeding $16 per share and not exceeding in the aggregate $960,000; and 47,989 shares are registered for issuance, pursuant to options, at $8 per share, being an aggregate public offering price of $383,912.

Address — Municipal Airport, Memphis, Tenn.

Business—Operates as an air carrier of passengers, mail and express between Chicago, Ill., and New Orleans, La., and between Memphis, Tenn., and Houston, Texas.

Underwriting — Principal underwriters named are Kebbon, McCormick & Co., Chicago, and I. M. Simon & Co., St. Louis.

Offering—Offering price to the public will be supplied by amendment. A new voting trust under which the common shares registered will be offered will be dated Oct. 1, 1943. The old voting trust will be terminated prior to or concurrently with the delivery of common stock to the underwriters.

Proceeds—The net proceeds may be applied to any one or more of the following purposes: Purchase of additional equipment to be used on present routes or on proposed new routes; payment or reduction of present bank loans; for working capital or other corporate purposes.

Registration Statement No. 2-5220. Form S-2. (9-27-43).

CHICAGO & SOUTHERN AIR LINES, INC.

Carleton Putnam, voting trustee, has filed a registration statement for voting trust certificates under voting trust agreement dated Oct. 1, 1943, for 500,000 shares of common stock, no par value, of Chicago and Southern Air Lines, Inc.

Address — Municipal Airport, Memphis, Tenn.

Business—Voting trust.

Underwriting — See registration statement above. Carleton Putnam, sole voting trustee, is president and a director of the company.

Offering—As soon as practicable after the effective date of the registration statement. Under the terms of the voting trust agreement there may be deposited thereunder any authorized shares of the capital stock of the corporation. It is also proposed to offer to the public voting trust certificates representing an aggregate of 60,000 shares of common stock as shown in statement above and voting trust certificates will be offered to persons exercising stock purchase options and acquiring shares of common stock pursuant thereto. The offer to holders of common stock to deposit stock under the agreement will terminate Oct. 1, 1944, unless extended by the voting trustee.

Registration Statement No. 2-5221. Form F-1. (9-27-43).

MONDAY, OCT. 25

McKESSON & ROBBINS, INC.

McKesson & Robbins, Inc., has filed a registration statement for 150,000 shares of $4 cumulative preferred stock, without par value.

Address — 155 East 44th Street, New York City.

Business—Wholesale drug business.

Underwriting — Goldman, Sachs & Co. heads the group of underwriters. Others will be named by amendment.

Offering—Price to the public will be supplied by amendment. The preferred stock will be redeemable at the company's option, in whole or in part upon at least 30 days' notice, at prices to be supplied by amendment. Initial public offering price will be plus accrued dividends from Oct. 15, 1943, to date of delivery.

Proceeds—The net proceeds from the sale of the preferred stock, with other funds of the company, will be applied to the redemption of all the presently outstanding debentures and preferred stock, which will require, exclusive of accrued interest and dividends, $6,132,000 for the redemption of the outstanding 5¼% cumulative preferred stock at $109.50 a share, and $13,071,152 for the redemption of the outstanding 15-year 3½% sinking fund debentures at 107¾% of their face amount. As of June 30, 1943, the company had outstanding $12,131,000 face amount of 15 year 3½% sinking fund debentures, due July 1, 1956, (out of $13,700,000 originally authorized) and 56,000 shares of 5¼% cumulative preferred stock, par value $100 per share (out of 100,000 shares of preferred stock originally authorized).

Registration Statement No. 2-5227. Form S-1. (10-6-43).

TUESDAY, OCT. 26

THERMOID COMPANY

Thermoid Company has filed a registration statement for $2,500,000 4¼% first mortgage bonds due Oct. 15, 1958, and 124,250 shares of common stock, $1 par value.

Address—Whitehead Road, Trenton, N. J.

Business—Manufacture and sale of varioue types of automotive friction and rubber products, industrial rubber products, textile products including wool yard and carpet and asbestos textile products.

Underwriting—For bonds—Blyth & Co., Inc., $600,000; Estabrook & Co., $600,000; Bitting, Jones & Co., Inc., $250,000; Hornblower & Weeks, $250,000; Paine, Webber, Jackson & Curtis, $250,000; Van Alstyne, Noel & Co., $250,000; Whiting, Weeks & Stubbs, Inc., $200,000, and Putnam & Co., $100,000. For the stock—Blyth & Co., Inc., 111,825 shares, and Van Alstyne, Noel & Co., 12,425 shares.

Offering—Prices to the public to be supplied by amendment.

Proceds—Proceeds from sale of bonds and stock will be used to redeem at 103% of the face amount and accrued interest all of the first lien collateral trust 5% bonds due Dec. 15, 1951, outstanding in the principal amount of $2,058,000; to redeem $900,000 face amount of serial notes payable to banks, and to reimburse working capital for funds used to retire on Oct. 5, 1943, all of the $400,000 serial notes, due annually 1943-1946. Any excess will revert to the general funds of the company.

Registration Statement No. 2-5228. Form S-1. (10-7-43).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ATLANTA GAS LIGHT CO.

Atlanta Gas Light Co., a subsidiary of Consolidated Electric & Gas Co., filed a registration statement with the SEC, for $7,500,000 of first mortgage bonds, series due 1963, and 20,000 shares of 5% cumulative preferred stock, par value $100 a share, on which sealed bids will be asked.

Address—243 Peachtree St., Atlanta, Ga.

Business—Company is an operating utility company engaged primarily in the business of purchasing, distributing and selling natural gas in 20 municipalities in Georgia, and manufacturing, distributing and selling artificial gas in five municipalities in Georgia and two in South Carolina. Incidental to the promotion of its business, the company also engages in the merchandising of gas appliances. It has been engaged in the sale of gas continuously since 1856, except when its plant was damaged during the Civil War.

Proceeds—Net proceeds, exclusive of accrued interest and dividends, will be applied to the extent that funds are available to the redemption of $5,875,000 principal amount of general mortgage bonds, series due 1955, 4½%, at 104, and $2,150,000 principal amount of general mortgage bonds, 3½%, series due 1961, at 104½, and to the redemption of 13,000 shares of 6% cumulative preferred stock at $110 a share.

Underwriting—To be filed by amendment.

Registration Statement No. 2-5211. Form S-1. (8-31-43).

Registration statement effective 5:30 p.m. EWT on Oct. 4, 1943.

Approval by SEC.—The Securities and Exchange Commission Oct. 4 gave its approval to the proposed solicitation by the company of competitive bids for $7,500,000 of first mortgage bonds and 20.000 shares of $100 par value preferred stock. The bonds will bear a coupon rate of not more than 3½% and the stock a dividend rate of not more than 5% of par.

Awarded—Both issues awarded to Shields & Co., Oct. 13, 1943: the bonds as 3s at 100.159 and the stock at $4½ div. rate, at 100.379. Subject to the approval of the SEC, the bonds will be reoffered at 101.45 and the preferred stock at 102¼.

(This list is incomplete this week)

NAM Says Government's Policy Is Obstacle To Future Industrial Planning

Fred C. Crawford, President of the National Association of Manufacturers, said on Oct. 5 that the Government's attitude toward business after the war is the big question mark in American industry's post-war plans, it was reported in United Press advices from Cleveland on Oct. 5, which went on to say:

Mr. Crawford, also President of Thompson Products Co. here, said there are five major obstacles to intelligent post-war planning by industry, but the chief among these is the lack of a "definite government policy for termination of government contracts." One should be adopted quickly, he asserted.

Mr. Crawford said the Government also has failed to create a program for disposal of an estimated $50,000,000,000 of surplus war goods after the war, or to adopt a policy for disposal of Government-owned war plants, equipment and facilities.

"There is no definite program for the continuation of wartime controls after the war, when people will have a lot of money to spend for nonexistent goods," he said. "Some sort of control should be continued until production of goods can catch up with the demand and thereby avoid an inflationary scramble for goods that are not there."

The Government's tax policy is another obstacle to future industrial planning, he said.

Retail Sales Tax Urged By U. S. Chamber In Place Of Administration Tax Proposals

A Federal retail sales tax as a substitute for the Administration's $10,500,000,000 tax program is advocated by the U. S. Chamber of Commerce, whose spokesman, Ellsworth C. Alvord, in testifying on Oct. 12 before the House Ways and Means Committee, referred to the Administration's plan as one "supported solely by political expediency" and which, he said, "falls of its own weight." Opposition was voiced by Mr. Alvord to the proposed Treasury tax increases on incomes of individuals and corporations. According to Associated Press accounts from Washington Mr. Alvord said a tax imposed on retail sales "is the most practical" tax at this time and discriminations and administrative difficulties can be avoided if:

1. There are no exemptions.
2. A tax is imposed at a uniform rate.
3. No other Federal taxes are imposed on retail sales.
4. The tax is imposed on aggregate purchases.
5. The tax is imposed on the purchaser.
6. Fractional cents are disregarded.

From the Associated Press advices we also quote:

"The Chamber, an organization of business and commerce, made no specific recommendation as to the size of the suggested retail tax, but Mr. Alvord said a 10% levy probaly would yield in excess of $6,000,000,000 during 1944 and a 5% tax about $3,500,000,000.

"Other Chamber witnesses suggested that a program of Government economy be coupled with the tax program. House Republicans already have started a drive in this direction.

"Mr. Alvord testified that 'contrary to the expressed position of the Treasury,' it is the belief of the Chamber that a sales tax:

"1. Is capable of reasonably simple and effective administration;

"2. Is desirably deflationary;

"3. Will collect substantial revenues, without imposing unbearable burdens, from those receiving four-fifths of the national income;

"4. When viewed merely as a part of the tax system, will not impose burdens which discriminate in favor of high-income groups and against low-income groups;

"5. Will render unnecessary the tremendous increase in certain excise taxes advocated by the Treasury;

"6. Will be a highly desirable supplement, at least for the duration of the war, to present tax laws, and

"7. Will be an effective aid in stamping out black markets."

As indicative of the views of Representative Doughton respecting the sales tax, the Philadelphia "Inquirer" in advices from its Washington bureau on Oct. 12 stated:

"I don't have much doubt," Mr. Doughton said, "that a 10% sales tax would bring demands for wage increases, but would not the people be patriotically willing to absorb a 5% levy?

"A sales tax could be absorbed more easily now than previously—now that we have 100% employment."

Mr. Doughton's apparent inclination to be "converted" to a sales tax was regarded by sales tax supporters on the committee as a hopeful development, but Representative Jere Cooper D., Tenn.) who usually works closely with Doughton, turned out to be one of the principal opponents.

Joining Cooper in the opposition were Representatives Aime J. Forand (D., R. I.), and Walter Lynch (D., N. Y.), the latter favoring higher corporation taxes.

Mr. Alvord, on the other hand, proposed that the tax laws be adjusted to permit industries to accumulate reserves sufficient to finance post-war reconversion, and that there be written into the law a provision automatically repealing the excess profits tax at the end of the calendar year within which the war ends.

Green Warns Against Anti-Union Campaign In Post-War Period

William Green, President of the American Federation of Labor, cautioned business men on Oct. 7 against any anti-union campaign in the post-war period, declaring that the penalty would be destruction of the free enterprise system.

Addressing the Boston Chamber of Commerce at a luncheon, Mr. Green said, according to the Associated Press, that "all labor asks of private industry is the same right of free enterprise which we willingly accord to it. That means full recognition of the right of workers to join free and democratic unions of their own choice and full acceptance of collective bargaining." Mr. Green was further quoted as saying:

"If and when such recognition is forthcoming, there will be no need of Government laws and regulations which place artificial restrictions and handicaps on the normal and cooperative relations between labor and industry.

"But if private industry, on the contrary, persists in futile and misguided efforts to destroy the trade union movement and attempts to launch a new anti-union campaign in the post-war period, it will only destroy itself and the free enterprise system along with it."

International Money Agreement Should Not Interfere With Credit Control Policies: Dr. Agger

Adherence by the United States to an international monetary agreement should not be permitted to interfere with our freedom of action in formulating central bank and credit control policies, Dr. Eugene E. Agger, Commissioner of Banking and Insurance of New Jersey, states in a study of American Banking and Currency Stabilization issued on Oct. 11, by the Monetary Standards Inquiry in New York City.

Because changes in the monetary gold stock of the United States directly change the volume and distribution of bank reserves in this country, Dr. Agger points out, banking conditions in this country would be affected directly by any monetary stabilization plan which calls for redistribution of the nation's gold stock. Furthermore, if the board of directors of an international stabilization fund or clearing union could change the gold content of the dollar or the amount of gold in this country, bank reserves would be affected directly, he asserts.

"American banking," states Dr. Agger, who is also head of the Economics Department and Associate Director of the Graduate School of Banking at Rutgers University, "is most anxious that a successful plan of international cooperation to achieve monetary stability be devised. Any plan agreed upon, however, would have to retain reasonable independence and freedom of action for the United States."

Dr. Agger in his paper considers what would be the consequences for the banking system of the adoption of three possible monetary standards after the war—the international gold standard, international gold-silver bimetallism and an international managed money system. A return to the international gold standard, Dr. Agger says, would require the establishment of a mechanism to take the place of the London money market, which was formerly the world clearing center.

Discussing the effects on banking of an international agreement to revive international bimetallism, Dr. Agger says:

"If bimetallism were truly international in scope, there would be in each country a fixed price for the two metals (gold and silver), and there would be no separate market price for them, as there is none for gold under the gold standard.

"The fact that two metals, rather than one, would be employed as standards for the monetary system does have some interesting implications. The reserve base would be broadened, and the inauguration of the system would probably add considerably to the potentialities of credit expansion.

"As under the gold standard, so under international bimetallism, some degree of currency and credit management would be possible. There is no reason to suppose that under international bimetallism our Federal Reserve System could not exercise the same degree of supervision and control of bank reserves as it does now. The fact that ultimate reserves are gold and silver, instead of gold alone, would not materially affect such domestic currency and bank management as we already have.

"It should also be added that the adoption of international bimetallism would assume the restoration of a free market throughout practically the whole range of international economic relationships. Undue interference with international trade and investment would undermine a bimetallic monetary system as effectively as it did that based on gold."

Analyzing the plans that have been advanced for international monetary management, Dr. Agger concludes:

"The plans imply a considerable surrender of national independence in the management of currency and credit. The fixing of the value of the standard money unit and the control of foreign exchange rates represent a surrender of sovereignty in the interest of an international objective. Other provisions restrict the member countries both with respect to short-term and long-term credit operations. In general the plans may be regarded as a step toward wider international economic control. Indeed, with respect to the Keynes plan it is stated: 'The Union might become the pivot of the future economic government of the world.' "

Consolidated Natural Gas Situation Interesting

The Securities and Exchange Commission has approved the distribution of Consolidated Natural Gas Co. to the stockholders of Standard Oil Co. of New Jersey. The Public Utility Department of Hettleman & Co., 52 Wall Street, New York City, members of the New York Stock and Curb Exchanges, has prepared an interesting analysis describing in detail the properties, financial position, earnings, and prospects of Consolidated. Copies of this analysis may be had from Hettleman & Co. upon written request.

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The Business Man's Bookshelf

Brazil—A Financial and Economic Review—The Chase National Bank, Pine Street, Corner of Nassau, New York City—paper.

Capital Goods Industries and Contract Renegotiation—Machinery and Allied Products Institute, 221 North La Salle Street, Chicago—paper.

Earning Power of Railroads—Thirty-eighth Issue, 1943—James H. Oliphant & Co., 61 Broadway, New York City—leatherette.

Effect of War on Currency and Deposits, The—Charles R. Whittlesey—National Bureau of Economic Research, 1819 Broadway, New York 23, N. Y.—paper—35c.

Outlook For Retail Trade, The—E. W. Axe & Co., Inc.—The Tarrytown Press, P. O. Box 157, Tarrytown, N. Y.—paper—40c—free to public libraries and non-profit institutions.

Now Sachs & Toplitt

The firm name of Melville F. Sachs & Co. was changed to Sachs & Toplitt, effective Oct. 7. Offices of the firm are located in the Savoy-Plaza Hotel Building.

Final Edition ESTABLISHED OVER 100 YEARS In 2 Sections—Section 2

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 158 Number 4220 New York, N. Y., Thursday, October 14, 1943 Price 60 Cents a Copy

The Financial Situation

A group of Senators who have been on extensive tours of our far-flung battle stations have returned to Washington, and reported in extenso to their colleagues. The proceedings were "executive," and no full report of what they had to say has as yet been permitted to reach the public. It is, however, well known, partly through inevitable "leaks" and partly through what these returning legislators have had to say directly to the public from time to time, that the reports at a number of points have been critical. The resulting situation has apparently caused Administration authorities and their friends on Capitol Hill to defer action on certain measures having to do with foreign relations, and from a good many quarters come laments that such a position should have been reached at precisely this time when preparations are being made for a meeting of the representatives of Great Britain, Russia and the United States, presumably for discussions both of current war problems and of sundry post-war matters which appear to be growing rather urgent.

Wholesome Criticism

Far from regretting it, we think that the situation which has thus arisen is most wholesome, and should if dealt with properly be immensely to the advantage of all concerned. It may well be that some of the Senatorial observers are not of the caliber we could wish, and it is quite probable that, despite their extended journeys and whatever efforts they may have made to discover the true inwardness of the situation now existing, they are still lacking much information which should be at the disposal of some representative of the people outside of the immediate Administration which is responsible for the conduct of the affairs now under criticism. It is wholly possible

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From Washington Ahead Of The News

By CARLISLE BARGERON

Not in a long time has anybody made such a profound impression on our midst as have the five globe-trotting Senators who have come back with their own eyes agoggle and who leave everybody with whom they talk in the same fix. Some things they saw and heard about made them rightfully indignant. But so far as the thing about which they all seem to be the most indignant it is difficult to see why they should be indignant at all.

The fact is, however, that they are indignant and the Administration, through the OWI and other agencies, is going to be hard put to keep the indignation from sweeping out over the country. Coming on the heels of the bargaining with Russia, it is bound to make for our further disillusionment and, as we said in last week's article, disillusionment is something we can very well save until after the war.

What concerns the Senators mostly—all five of them—is that the British take our lend-lease goods and put British labels on them before distributing them to other places; also that as fast as our troops capture a place, the British administrators move in to administer it. Well, now, what is wrong with this on the basis of what the Interventionists contended was the reason for our getting into the war? This contention was that we had a very selfish interest, that Britain and her navy were our outposts in Europe. No hifalutin' stuff about it. Just a very practical proposition. It was incumbent upon us to see that Britain did not fall because Hitler would then have clear sailing for us. That's the way we understood it at the time. It's the way we now understand the argument for "union now," or for a permanent alliance with Britain in the future.

If this is true, if it is only selfish for us to insure the maintenance of Britain, we have surely got to preserve the British Empire. Then what is more practical than that we should want her prestige maintained in Africa, in Iran, in Irak, in Egypt, in India, in the Pacific, even with Russia. She has more direct dealings with these areas. They embrace her sphere of influence rather than ours. If she is not to continue this sphere of influence, how is she going to serve as our bulwark against it, against anything? Manifestly, her prestige was pretty low after Singapore and Hong Kong, when Rommel seemed to be headed for Alexandria. We've got to restore that prestige, otherwise it is difficult to see how she will ever serve our selfish, practical purposes again.

As we understand it, from the arguments of those who insist we have been terribly blind in the

(Continued on page 1514)

Industry's Post-War Problem Is Providing Greater Economic Security, Johnston Declares

Also Says Business Must Have Assurance To Maintain Its Security

The crisis and challenge business management will face after the war will be to provide greater economic security in the form of more job security, Eric Johnston, President of the Chamber of Commerce of the United States, declared recently.

Speaking before the manpower stabilization conference of the American Management Association in New York City, Mr. Johnston warned that "the rank and file of the people might be willing to relinquish freedom and a democratic form of government if that is the only way to obtain security." He denied the assumption that American private enterprise cannot provide adequate employment and expressed the conviction that it "can and will meet the challenge." Mr. Johnston added that "no public relations campaign conceivable can sell free enterprise to the American people, or any other people, unless free enterprise can show accomplishment." "Business today," he said, "stands high in public esteem because of accomplishments."

Eric A. Johnston

Stating that in his judgment management "can safely go further in providing greater security and continuity of employment than it has," Mr. Johnston said the solution of the problem "will differ from industry to industry but it is certain it should be considered by all." Greater stability in production and sales which Mr. Johnston stated must underlie stability of employment, "will pay high dividends in the form of lower unit costs, lower taxes, lower relief costs, less social and political unrest and better industrial relations within the plant."

In part Mr. Johnston said:

"One of the most difficult periods in the history of our country will be faced by management and labor after this war. We have been joined by bonds of patriotism to produce goods for victory because of the war. But those bonds will be removed once the victory is achieved. Then will come the real test for the American system. . . .

"The test of tomorrow will be for management and labor to settle disputes amicably, in an orderly and sensible manner. We must find the ways and means to carry the cooperative spirit which has imbued us during the war over into the peace. We will have a brand new set of problems to solve once we have solved the problems of winning the war. . . .

"And one of our major problems will be that of insuring industrial peace. We must have industrial peace at home as well as peace with nations abroad to have prosperity.

"Management-labor cooperation — industrial peace — must come from within industry and from within labor. It cannot be enforced from without. . . .

"The time has arrived for management and labor to adjust their differences, not through wasteful and destructive work stoppages, but through the civilized machinery of modern arbitration.

"Actually, however, arbitration is a process of dealing with effect rather than cause. What should be removed are the roots of the malignant weed, the causes of industrial warfare and strikes. Our purpose should be to prevent, insofar as we are able, the disputes which necessitate arbitration.

"One of these causes, as I have already discussed the problem, stems from the human equation in labor relations. The fear of insecurity must be banished from the worker's mind.

"But to provide employment, private enterprise must be able to operate on a sound basis. Business must have assurance of its chance to maintain its own security if business is to give its employees assurance of their chance to maintain security. And that should be framed in large letters over every executive desk in Washington.

"Industrial peace cannot be enforced in a democratic state. It must be accomplished voluntarily. **If we run to government, then** government will soon run us.

GENERAL CONTENTS

Special Article In Section 1

The Future Of Air Transport

Babson Says Post-War Outlook Favorable

Anyone who has visited a large, modern airport or terminal such as the one here in Washington cannot help but be impressed with the great progress being made in aviation. Planes, airports and terminal facilities are all relatively new and clean. They appeal greatly to the aesthetic senses. The efficiency and the courtesy of all ranks of employees, even when laboring with the difficulties of wartime operations, is impressive. As a result of the war, hundreds of thousands of men and women have been introduced to air transport. Their enthusiasm for this entire industry—still in its childhood—forecasts an expansion which will make the past age of railroading look sick.

Roger W. Babson

Manufacturing Vs. Transport Companies

I had much rather own the stocks of the air transport companies than those of the companies which manufacture airplanes. The basic reason for this is that the air transport companies are primarily distributors and merchandisers of a highly efficient and convenient form of transportation. They are much like the chain store, on which I am also bullish, in that they have no problems concerning fixed charges, production contracts or labor. The air transport companies will be carrying passengers and freight regardless of the ups and downs of the airplane manufacturing companies.

Of course, work will not stop abruptly at the end of the war in the case of the manufacturing companies. Larger and tougher bombing planes and faster pursuit and flight planes will continue to be built. There will also be some reconverting work in changing over present bombers to freight and passenger planes. There has not yet been any cancellation of plane contracts such as we have seen in the machine tool industry. But these are bound to come ultimately, although an attempt will be made to employ as many people in the manufacturing companies as possible. Taxes are also a much greater handicap to these

(Continued on page 1514)

Strong House Group Opposes Subsidies To Hold Down Consumer Food Costs

A strong group in the House Banking and Currency Committee, now studying the proposals to extend the life of the Commodity Credit Corp., which administers subsidies, is reported to be in favor of a ban on the use of subsidies to hold down consumer food costs.

A poll of the 25-member committee—14 Democrats and 11 Republicans—according to the Associated Press, produced these results:

Ten members firmly for prohibition of consumer subsidies with two more leaning that way. Four stoutly favoring the program. Five "on the fence." Four could not be reached.

The Republicans stand almost solidly against subsidies, aided by some Democrats from farm States, it was said.

It is also reported that the Administration decided not to press for immediate action on the program now.

Major farm organizations are said to favor extension of the CCC beyond its present expiration date of Dec. 31, but without the expanded powers sought by the Administration. The opposition of the National Grange to the subsidy plan was indicated by Albert S. Goss, National Master, in a letter to President Roosevelt on Oct. 8. The Associated Press reported as follows:

Mr. Goss asserted that the Government's whole difficulty in price control could be attributed to a surplus of consumer purchasing power.

"This gap must be sharply reduced and finally closed if we are to escape disaster," Mr. Goss told the President.

"We are trying to meet this overwhelming danger by trivial palliatives such as rolling back the price of butter 5 cents per pound, thus saving the consumer 65 cents a year. The only noticeable effect of such action has been to cut down the production of butter sharply, necessitating more strict rationing."

In Associated Press Washington advices of Oct. 9, the following was reported:

Chairman Steagall (Dem., Ala.) bluntly asserted that no authority now exists for the OPA to fix price ceilings below the cost of production under the theory of making up the difference through subsidies.

The arguments of those in favor of writing a subsidy ban into the CCC extension bill range from the assertions that this method of fighting inflation passes on the debt to the service men, to the claim that consumers never were in a better position to pay their grocery bills than now.

Foes of the ban counter with the contention that increased prices of food products would bring new demands for increased wages for labor and a break in the anti-inflation program; that subsidies are necessary to protect the white collar worker, pensioners, others in the fixed income group, and dependents of service men.

An appeal that the Government quit subsidizing dairymen and instead allow retail milk prices to go higher was again turned down by Prentiss M. Brown, Price Administrator, on Oct. 11.

In a letter replying to a plea by Senator McClellan (Dem., Ark.), Mr. Brown wrote:

"It is impossible for this office (OPA) to permit general price increases to maintain production in view of the President's 'hold the line' order."

President Asks Authority to Permit Philippine Independence Before 1946

President Roosevelt asked Congress on Oct. 6 to give him authority to "proclaim the legal independence of the Philippines as a separate and self-governing nation as soon as possible."

In a special message, the President also recommended that Congress take steps "to make good our pledge that the independence of the Philippines will be protected in the future and to give them the opportunity of economic rehabilitation."

The date set by law and by the vote of the people and Legislature of the Philippines for independence is July 4, 1946. However, the President said, it is possible "that the fortunes of war will permit an earlier consummation of this joint will of the American and Filipino peoples."

The Islands have been held by the Japanese since early in 1942.

A joint resolution was introduced in the Senate on Sept. 24 by Senator Tydings (Dem., Md.), Chairman of the Senate Committee on Territories and Insular Affairs, providing for the "immediate" independence of the Philippines. The text of the President's message follows:

Since the Japanese launched their attack on the Philippine Islands, I have on several occasions addressed messages on behalf of the American people to the courageous people of the Philippines—expressing our admiration of their heroism and loyalty. I have assured them that the Government of the United States of America will see to it that their independence will be promptly established and—still more important—that it will be protected.

The resources of the United States, in men and material, stand behind that pledge to the people of the Philippines. We shall keep that promise just as we have kept every promise which the United States has made to the Filipino people.

The Philippine Government, now in the United States, has been collaborating with the rest of the United Nations in the united task of destroying our common enemies in the East and the West.

As I stated on Aug. 12, 1943, the United States, in practice, regards the Philippines as having now the same status as the governments of other independent nations—in fact, all the attributes of complete and respected nationhood.

I am sure that the American people believe that the Filipino people have earned the right juridically to be free and independent.

The date now set by statute and by the vote of the people and the Legislature of the Philippine Islands for independence is July 4, 1946. It is possible, however, that the fortunes of war will permit an earlier consummation of this joint will of the American and Filipino peoples.

I therefore recommend legislation by the Congress giving the President the authority, after consultation with the President of the Commonwealth of the Philippine Islands, to advance the date provided in existing law and to proclaim the legal independence of the Philippines, as a separate and self-governing nation, as soon as feasible.

If the Congress takes this action there are several steps which, in my opinion, are necessary to make good our pledge that the independence of the Philippines will be protected in the future and to give them the opportunity of economic rehabilitation, which is their due.

I therefore also recommend:

1. That the Congress make provision authorizing the President of the United States and the President of the Commonwealth of the Philippine Islands to enter into immediate negotiations and take the necessary steps to provide for full security for the Philippines, for the mutual protection of the Islands and of the United States, and for the future maintenance of peace in the Pacific.

2. That the Congress make provisions for determining the adjustment necessary in the existing provisions of law which govern the economic relations between the United States and the Philippines, so as to assist in making the Philippines, as an independent nation, economically secure wherever possible.

3. That the Congress make provision for the physical and economic rehabilitation of the Philippines made necessary by the ravages of war which the invaders have inflicted upon them.

All of this is due to the Filipino people in recognition of their heroic role in this war, the political ties which have bound us together and the bonds of friendship which will join us together in the future.

Such action on the part of the Congress would assure the Philippine people again of our sincerity of purpose and of our resolution to accord them as soon as feasible the legal status of complete freedom, independence and nationhood to which, as a member of the United Nations, they are entitled.

FRANKLIN D. ROOSEVELT,
The White House,
Oct. 6, 1943.

Money In Circulation

The Treasury Department in Washington has issued its customary monthly statement showing the amount of money in circulation after deducting the moneys held in the United States Treasury and by Federal Reserve Banks and agents. The figures this time are for Aug. 31, 1943, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $18,529,420,890, as against $17,954,587,757 on July 31, and $13,199,882,224 on Aug. 31, 1942, and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is, on June 30, 1914, the total was $3,459,434,174.

N. Y. Clearing House Elects New Officials; Annual Report Figures

The New York Clearing House Association, at its annual meeting on Oct. 5, elected William C. Potter, Chairman of the Executive Committee of the Guaranty Trust Co., as President of the Association, and at the same time elected Leon Fraser, President of the First National Bank, as Chairman of the Clearing House Commitee. Mr. Potter succeeds Herbert P. Howell, Chairman of the Board of the Commercial National Bank and Trust Co., who completed the usual two-year term of office. Mr. Fraser, who served on the Committee during the past year, succeeds as Chairman Eugene W. Stetson, President of the Guaranty Trust Co. Other members of the Clearing House Committee are: S. Sloan Colt, President of the Bankers Trust Co.; Winthrop W. Aldrich, Chairman of the Board of the Chase National Bank; William Gage Brady, Jr., President of the National City Bank, and John E. Bierwirth, President of the New York Trust Co. Mr. Colt served on the Committee during the past year.

According to the report of Edward L. Beck, Manager of the Clearing House, total transactions for the year ending Sept. 30, 1943, amounted to $282,863,138,303, compared with $229,397,011,743 in the previous year. The transactions for the year just ended consisted of exchanges of $236,070,168,076 and balances of $46,792,970,227. For the fiscal year ended Sept. 30, 1942, the exchanges amounted to $191,776,357,933 and balances to $37,620,653,810.

Extracts from the Manager's annual report for the year ending Sept. 30, 1943, follow

The average daily transactions:

Exchanges	$781,689,298.27
Balances	154,943,610.02
Total	$936,632,908.29
Largest exchanges on any one day during the year (Feb. 2, 1943)	1,502,627,718.78
Smallest exchanges on any one day during the year (Jan. 11, 1943)	398,517,759.34
Largest balances on any one day during the year (March 22, 1943)	315,697,479.92
Smallest balances on any one day during the year (Nov. 24, 1942)	68,492,706.62

The total amount of the Coupon Exchange was $547,882,379.78.

The total amount of the Return Item Exchange was $20,259,302.78.

In the past year the Night Exchange Department handled 64% of the total daily exchanges.

Total transactions since organization of Clearing House (90 years):

Exchanges	$8,974,919,184,560.08
Balances	931,140,114,515.99
Total	$9,906,059,299,076.07
Largest exchanges on record (Oct. 31, 1929)	3,853,040,114.48
Largest balances on record (Oct. 30, 1929)	432,909,546.73

William H. Moorhead, Vice-President and Cashier of the Chase National Bank, was reelected Secretary of the Clearing House; Mr. Beck continues as Manager, and G. Russell Clark and Charles A. Hinrichs as Assistant Managers.

In addition to the Clearing House Committee, the members of the other Committees named are:

Conference Committee—Chairman, John I. Downey, President of the Fifth Avenue Bank; Edwin G. Merrill, Chairman of the Board of the Bank of New York; Ernest Stauffen, Chairman of the Trust Committee of the Manufacturers Trust Co.; B. A. Tompkins, Vice-President of the Bankers Trust Co., and George McAneny, Chairman of the Board of the Title Guarantee and Trust Co.

Nominating Committee—Chairman, Ralph Peters, Jr., President of the Corn Exchange Bank Trust Co.; William N. Enstrom, President of the Irving Trust Co.; F. Abbot Goodhue, President of the Bank of the Manhattan Co.; James G. Blaine, President of the Marine Midland Trust Co., and Frederick E. Hasler, Chairman of the Board and President of the Continental Bank & Trust Co.

Committee on Admissions — Chairman, Frank K. Houston, President of the Chemical Bank & Trust Co.; E. Chester Gersten, President of the Public National Bank and Trust Co.; William S. Lambie, Senior Vice-President of the National City Bank; Walter G. Kimball, President of the Commercial National Bank and Trust Co., and John K. Olyphant, Jr., Vice-President of the Central Hanover Bank and Trust Co.

Findings Of Senate Committee After Tour Of War Theatres

The five members of the special Senate committee which recently returned from a tour of world battlefronts, reported their findings to closed sessions of the Senate on Oct. 7 and 8:

Those addressing the first executive session included Senators Russell (Dem., Ga.), Mead (Dem., N. Y.), and Lodge (Rep., Mass.), while the other two members of the committee, Senators Chandler (Dem., Ky.) and Brewster (Rep., Me.), made their report on Oct. 8.

Before the executive sessions were held the group made public on Oct. 7 its formal report on conclusions reached.

The text of these conclusions follows, according to the Associated Press:

"1. Our men in all branches of the service are satisfied with the weapons and airplanes they have received. The food on the whole is as adequate as the tactical situation permits. Medical care is excellent. The high command functions effectively. Mistakes which are probably inevitable in a war of this size and novelty are not being repeated. We are learning fast from experience.

"2. Too much American gasoline is made available to civilians in North Africa. A great deal more oil should be provided from the deposits of the Middle East. Existing sources of crude rubber in the Orient, now held by the United Nations, could be increased.

"3. The mission assigned to the Office of War Information of conducting propaganda activities in friendly foreign countries raises many doubts. While its personnel is sincere and capable, this whole policy should be carefully re-examined.

"4. The men who are bearing the brunt of battle do not feel that the true picture of their hardships is being given to the public. They have a realistic viewpoint regarding war which they would like to have shared by our public relations officials and the public, in so far as military security permits.

"5. Close integration of our land, sea, and air forces has been accomplished in most theaters and works extremely well. It points the way toward a sound post-war military policy. Our military effort is well coordinated with that of our allies in the areas visited.

"6. The United States has constructed huge airfields all over the world at tremendous cost to our people. The use of some of these fields in the future may be just as essential to our security as battleships or divisions. We have no post-war rights of access to these fields outside of the Western Hemisphere at the present time. These rights of access are also indispensable to the vitally important growth of commercial aviation.

"7. The need for parity in international communications is stressed in every theater. Equality in these cable and wireless communications would seem to be a fitting subject for consideration and possible reverse lend-lease.

"8. A policy of relieving men overseas after they have served a certain length of time would be in the interest of efficiency as well as conducive to physical and mental welfare. The committee is aware of the shipping problems which have created this situation. It believes that the shipping situation is now improving. A definite promise to a man that after a certain length of time he will be replaced is a big morale factor.

"9. The need for a clear national policy is strikingly apparent. With such a policy should go an American representation abroad in which our military, diplomatic, and business personnel work as a team, with appropriate international rank. We owe this to ourselves and to the world.

"10. The committee returns inspired by the bravery of our American fighting men and impressed with the obstacles which they have overcome. They are the products of a free system of government, and their sacrifices are a justification of our democratic way of life. Their courage should inspire us to leave no stone unturned to be worthy of their sacrifice."

Previous items regarding the Senators' views appeared in our Oct. 7 issue, pages 1424 and 1427.

President To Give More "Spot" War News

President Roosevelt has decided that the American people must be let in earlier on more spot news about the war, and is blossoming out as a competitor of Prime Minister Winston Churchill as the world's No. 1 war reporter, according to a North American Newspaper Alliance dispatch from Washington, Oct. 5, published in the New York "Times." The account further said:

There has been too much unnecessary hush-hush in high official places and the President knows it. There have been too many important news items being carefully kept "off the record" on this side of the Atlantic, only to be put on the radio by Mr. Churchill. He knows that, too.

So Mr. Roosevelt has effected a noticeable change of pace at his bi-weekly press conferences. He gives every appearance of trying to outdo Mr. Churchill as a dispenser of "news breaks."

Ten days ago, without prompting, he began talking about developments on the battle fronts. He said he had hoped to announce the capture of Naples, but that Gen. Mark W. Clark had beaten him by a couple of hours. He did announce the capture of Foggia.

Today he described the withdrawal of Japanese from the central Solomons as a real defeat for Japan and brought up other matters indicating clearly he was "on the ball" on war news.

This is complete reversal of his press conference custom, both in substance and style. The White House has rarely been an important source of breaking war news, most important exception being the American landing in North Africa.

Payment On Rio 6s

The City of Rio de Janeiro, Federal District of the United States of Brazil, has remitted to its special agents funds for the payment of interest for the six months ended Oct. 1, 1941 on its five-year 6% external secured gold bonds due April 1, 1933, at the rate of $4.875 per $1,000 bond, or 16.25% of the dollar amount of such interest. The announcement states:

"These funds have been remitted in accordance with provisions of Presidential Decree No. 23829 of Feb. 5, 1934, as reenacted and modified by Decree Law No. 2085 of March 8, 1940.

"Cash payment at this rate, to be in full payment of the interest due Oct. 1, 1941, is now being made upon presentation of the bonds at the offices of the special agents, White, Weld & Co., 40 Wall Street, New York 5, or Brown Brothers Harriman & Co., 59 Wall Street, New York 5."

Pay On Rio Grande 8s

Ladenburg, Thalmann & Co., as special agent, is notifying holders of State of Rio Grande do Sul (United States of Brazil) 25-year 8% sinking fund gold bonds, external loan of 1921, that funds have been deposited with it sufficient to make a payment, in lawful currency of the United States of America, of 17.50% of the face amount of the coupons due Oct. 1, 1941, amounting to $7 for each $40 coupon and $3.50 for each $20 coupon. It is announced that pursuant to the provisions of the Presidential Decree of the United States of Brazil, such payment, if accepted by the holders of the bonds and coupons, must be accepted in full payment of such coupons and of the claims for interest represented thereby.

No present provision, the notice states, has been made for the coupons due April 1, 1932 to Oct. 1, 1933 inclusive, but they should be retained for future adjustment.

The State Of Trade

There were practically no setbacks reported the past week and most of the heavy industries continued to operate at their recent high levels. Steel production in the United States established a new all-time high for the second consecutive week. Electric power output was slightly short of the previous week's record production. Carloadings were substantially higher, and retail trade activity continues at a satisfactory level, being spurred by holiday buying.

Electric power output of 4,359,003,000 kilowatt hours in the week ended Oct. 2nd, just fell short of equalling last week's record production of 4,359,610,000, the Edison Electric Institute reported. Current output was 18.4% higher than 3,682,794,000 kilowatt hours recorded in the like 1942 period. The Pacific Coast led in sectional increases over last year, with a gain of 26.9%. Consolidated Edison Co. of New York reports system output of 215,700,000 kilowatt hours in the week ended Oct. 3rd, against 150,000,000 in the 1942 week, a gain of 43.8%.

Carloadings of revenue freight for the week ended Oct. 2nd, totaled 910,643 cars, according to the Association of American Railroads. This was an increase of 3,332 cars from the preceding week this year, 3,357 cars more than the corresponding week in 1942 and 7,253 cars under the same period two years ago. This total was 116.78% of average loadings for the corresponding week of the ten preceding years.

Steel production in the United States has established a new all-time high for the second consecutive week, according to the American Iron & Steel Institute. Schedules for the current week indicate output at 102.2% of rated capacity, indicating production of 1,781,300 net tons of ingots and castings. Last week the rate was 100.8% and the output totaled 1,756,000 tons. In the like 1942 week production was 1,714,100.

The War Production Board's newly announced scrap collection drive is regarded in steel quarters as "insurance" against possible unfavorable developments during the winter and spring. For the most part, it is said, producers are in a fairly comfortable position with respect to immediate scrap needs. Inquiry through the American Iron & Steel Institute indicates that average mill inventories represent about a five-week supply. This is at least a 50% improvement over a year ago, it is stated.

Increased pig iron production, reflecting the operation of newly completed blast furnaces, has also taken some of the strain off scrap. In the meantime, about 25,000 tons a month of scrap from the European battlefields is arriving on the East Coast. While this tonnage is not large, the battlefield scrap is well selected and sorted and of high quality, largely alloys now in request.

As concerns the retail trade, continued cold weather and heavy holiday buying lifted this week's retail sales volume slightly compared with the previous week, but since the greater part of the increase was seasonal, gains over a year ago narrowed, according to the trade report of Dun & Bradstreet, Inc. Wholesale activity, meanwhile, picked up in contrast to the recent rather slow trading, the agency said, with unusually heavy mail ordering largely responsible. Wholesalers' inventories remained low and lines incomplete, with many houses displaying reluctance to accept new orders as shortages of manpower and material limit supplies.

Department store sales on a nation-wide basis were down 5% for the week ending Oct. 2nd, compared with the like week a year ago, according to the Federal Reserve Board. Store sales were up 5% for the four-week period ending Oct. 2nd, compared with last year. Department store sales in New York City in the week ended Oct. 9th, were up 8% compared with the corresponding week last year, according to a preliminary estimate issued by the New York Federal Reserve Bank. In the previous week ended Oct. 2nd, sales of this group of stores were off 10% compared with the like 1942 week.

According to authoritative sources, the nation's retail trade, which in 1943 will break all previous records in point of sales volume, is expected to show a gain in the year's final quarter of between 8 and 10% over the comparative 1942 period. Christmas trade probably will top last year's all-time peak holiday business by 3 to 5%. These predictions are the consensus of some of the country's leading merchants.

Higher than expected civilian goods production this year, together with a record carryover of inventories from 1942 into 1943, were major influences in making it possible for retailers to do such a large volume of business this year.

The Department of Commerce now reports that consumer expenditures for all goods and services in 1943 are expected upon the basis of revised estimates, to approximate $90,600,000,000. This will be an 11% rise over last year's expenditures of $82,000,000,000. In 1941, consumer spending aggregated $74,600,000,000.

"Under Certain Conditions"

"It is generally believed that in the post-war period the United States Government will continue to play a dominant role in the economic reconstruction of the world.

"While the government, through the Office of Foreign Relief and Rehabilitation Operations, will do its utmost to prevent starvation and suffering, it cannot be assumed that it will grant large loans or make outright gifts to foreign countries. Neither may a continuation of Lend-Lease on a large scale be expected.

Dean J. T. Madden

"Under certain conditions American private enterprise may play a very important role in developing the economically retarded areas of the world, as well as in aiding the reconstruction of industries in countries that have suffered severe damage during the war. The methods that private enterprise will employ in investing capital abroad will not be uniform, and will depend upon economic and political conditions in the individual countries.

"In some countries, the imported capital will be in the form of plants, constructed, owned and operated by American corporations. This will be the case particularly in backward countries where there is no local capital available and where the economic and technological status of the people precludes their immediate participation in the management of the enterprise.

"In more advanced countries, American capital will participate with local capital in establishing jointly owned and operated industries. In some European countries American participation may take the form of investments in stocks of existing companies requiring additional capital for rehabilitating their plants."—John T. Madden, Director of the Institute of International Finance.

We certainly hope that Dean Madden is right in his opinion of the part likely to be taken by the United States Government in these post-war matters, and venture to express the opinion that the part played by private enterprise will depend in no small measure upon whether or not time proves that opinion valid.

Oil To Coal Conversion Program Suspended

The Petroleum Administration for War on Sept 23 announced suspension, for the time being, of its program for the conversion of industrial and commercial oil-burning equipment to the use of coal.

In making the announcement, Petroleum Administrator Harold L. Ickes said:

"We are suspending the program in view of the uncertainties in the coal situation, including the shortage of delivery equipment and manpower for retail coal delivery.

"No one should construe this suspension of the industrial and commerical conversion program as meaning that we are 'over the hump' as far as oil supplies are concerned. War developments might well make it necessary at some future time to resume the program, especially in view of the fact that we are still faced with an over all shortage of oil in the United States."

The PAW announcement emphasized that the suspension of conversion activity does not apply to conversions now in process, inasmuch at the supply program for the coming winter has been based upon the assumption that requirements will be reduced by the amount now used in these facilities.

Reviewing the conversion campaign to date, Deputy Administrator Ralph K. Davies pointed out that industrial conversions to date have resulted in savings equivalent to 176,500 barrels of fuel oil per day. Of this total, 137,155 barrels daily have been saved in the 17 Eastern States and the District of Columbia, 30,034 barrels daily in the 15 Middle Western States, 3,566 barrels daily in the South Western-Gulf Coast states.

Nat'l Banks' Gross Earnings Up In First Half Of 1943

Comptroller of the Currency Preston Delano announced on October 7 that the 5,066 national banks in the United States and possessions reported gross earnings of $505,258,000 for the six months ended June 30, 1943. This represents an increase of $34,425,000 over the gross earnings for the six months ended June 30, 1942, when there were 5,107 national banks in operation.

The Comptroller's announcement further stated:

"Operating expenses for the first half of 1943 were $348,131,000, as against $334,176,000 for the first half of 1942. Net operating earnings were $157,127,000, an increase of $20,470,000 over the first half of 1942.

"Adding to the net operating earnings profits on securities sold of $23,998,000 and recoveries on loans and investments, etc., previously charged off of $48,051,000, and deducting losses and depreciation of $71,738,000, the net profits before dividends for the six months ended June 30, 1943, amounted to $157,438,000, or at an annual rate of 21.01% of the par value of common and preferred stock and 8.23% of capital funds. This figure of net profits before dividends was $44,821,000 more than the amount reported for the six months ended June 30, 1942.

"The principal items of operating earnings in the six-month period ended June 30, 1943, were $182,994,000 from interest and discount on loans, a decrease of $41,110,000 under the corresponding period in 1942; and $232,085,000 from interest and dividends on bonds and securities, an increase of $70,462,000. The principal operating expenses were $151,040,000 for salaries and wages of officers and employees and fees paid to directors; $42,280,000 expended in the form of interest on time and savings deposits, and $60,634,000 for taxes, including income taxes.

"Profits on securities sold during the six months ended June 30, 1943, aggregated $23,998,000, as against $16,275,000 in the six-month period ended June, 1942. Losses and depreciation on bonds and securities totaling $31,866,000 were $6,864,000 less than in the first six months of 1942.

"Cash dividends declared on common and preferred stock in the first half of 1943 totaled $65,034,000, in comparison with $64,772,000 in the first half of 1942. The annual rate of cash dividends was 8.68% of common and preferred capital and 3.40% of capital funds."

WFA Corn Price Program

The War Food Administration announced on Sept. 28 that it will pay farmers in Area "A" selling and delivering corn to country elevators from Sept. 28 through Oct. 31, 1943, any increase that may be made in the ceiling price between the date of sale and Nov. 30. Area "A" includes Illinois, Iowa, eastern Nebraska, eastern South Dakota and southern Minnesota. The advices from the WFA Sept. 28 added:

"The program is the same as that instituted in June, when WFA made a similar guarantee on corn marketed between July 1 and Aug. 10. During that period farmers sold more than 35,000,000 bushels of corn and made it possible for corn processors to continue the production of corn products for war industries.

"Supplies of corn in the hands of the wet processors are again at a low ebb. WFA officials said that unless corn marketings are increased substantially during October many of the corn processors will be hampered in their efforts to supply products to the war industries."

CED Calls Productive Employment Outstanding Need Of Country After War

Declares Prompt And Equitable Settlement Of War Contracts Terminated By Government Important To Attaining Goal

The Committee for Economic Development, in its first report on post-war planning, declared on Oct. 7 that "a high level of productive employment will be the outstanding need of this country after the war" and said that "of great importance for attainment of this goal will be the prompt and equitable settlement of war contracts terminated by the Government."

The report, issued by Ralph E. Flanders, President of Jones & Lamson Machine Co., and Chairman of the CED Research Committee, stated that "prompt settlement will be necessary to free working capital, to clear plants of wartime inventories and equipment, to permit business to attain high levels of peacetime production as rapidly as possible, and thus to provide jobs for workers."

The report added that "needless delay in the release of business funds now tied up in war production will cause needless unemployment."

The following four-point program for consideration of Congress was outlined in the report: 1. Creation of a contract settlement board; 2, decentralized administration of contract settlement procedure; 3, prompt recourse to the courts in case of dispute, and, 4, mandatory loans to contractors and subcontractors.

The CED, whose chairman is Paul G. Hoffman, President of the Studebaker Corp., was set up early this year as an independent organization to help commerce and industry get ready now to supply jobs as soon as the war ends.

The following regarding the CED's first report appeared in Washington, Oct. 7, advices to the New York "Times":

The committee pointed out that there are 100,000 prime contracts and several times as many subcontracts. The contracts aggregate from $60,000,000,000 to $75,000,000,000, and contractors' inventories are valued at from $10,000,000,000 to $15,000,000,000, it is said.

The committee recalled that when the last war ended there were approximately 32,000 war contracts aggregating about $5,000,000,000, and despite the best efforts of the Government there were more than 7,000 unsettled contracts a year after the war's end. The average time for settling claims taken to court was three and a half years.

"Rapid unfreezing of working capital will be of particular importance to small business," the CED said. "At the end of the war many thousands of small manufacturers will have their limited financial resources so tied up in war work that they will be unable to convert to civilian production until their working capital is released."

The legislative recommendations were summarized as follows:

(1) Creation by Congress of a Contract Settlement Board. At the present time there is no uniform policy governing settlement of terminated war contracts, each contracting agency following its own policy. A Contract Settlement Board, composed of representatives of each contracting agency, and with a chairman appointed by the President, should be created to simplify and unify contract settlement policies and procedure.

(2) Decentralize administration of contract settlement procedure. To avoid disastrous delays which would occur if the administration of hundreds of thousands of contract settlements were funneled into one central agency, authority to make final settlements should be placed with the contracting agencies, governed by the general policies laid down by the Contract Settlement Board.

(3) Prompt recourse to the courts in case of dispute. Existing legal machinery will not be adequate to handle disputed claims, hence temporary expansion of existing machinery, such as setting up branch courts of claim in various sections of the country, or other alternatives as determined by Congress, should be effected.

(4) Mandatory loans to contractors and subcontractors. In spite of the best effors of Government to provide prompt and fair settlement of funds due a contractor there are bound to be delays. Mandatory loans by the Government to cover a substantial portion of proper settlement claims should be provided. These loans will save valuable weeks and months of time in enabling firms—particularly the smaller ones—to re-employ workers and get back to peacetime production. Overpayment of loans must be paid back to the Government with interest.

As indicated above, the CED is headed by Paul G. Hoffman of the Studebaker Corp. Members of the research committee include Thos. W. Lamont, Chairman of J. P. Morgan & Co.; Eric A. Johnston, President of the Chamber of Commerce of the United States; Beardsley Ruml, Chairman of the New York Federal Reserve Bank; Chester C. Davis, President of the St. Louis Federal Reserve Bank; William L. Batt, Vice-Chairman of the War Production Board; S. Bayard Colgate, Chairman of the Colgate - Palmolive - Peet Co.; Donald David, dean of the Graduate School of Business Administration, Harvard University; Max Epstein, Chairman of General American Transportation Corp., and William Benton, Vice-Chairman of the CED. Mr. Hoffman also is a member.

UAW Qualifies Support Of President For Fourth Term

The United Automobile Workers, largest affiliate of the Congress of Industrial Organizations, on Oct. 7 conditionally endorsed President Roosevelt for a fourth term.

At its convention in Buffalo, N. Y., a majority report of the UAW's Constitutional Committee was adopted, conditioning the endorsement on "the basis of an aggressive effort" by President Roosevelt and his Administration to achieve a "sound and progressive" program. The resolution included endorsement of Vice-President Henry A. Wallace for reelection. This action came after a minority report favoring unqualified support of the President for a fourth term had been withdrawn.

Some points in the majority report which conditioned endorsement of the President were listed as:

"Rollback of prices, end speculation and war profiteering, revision of the Little Steel formula to permit economic justice to America's wage earners, a democratic rationing program, provision of equal opportunity for employment without discrimination, a democratic mobilization of our total manpower resources without resorting to national service laws."

The convention also voted "emphatic opposition" to extension of incentive pay plans.

President Urges Labor To Raise War Output

President Roosevelt, in a message of greeting to the American Federation of Labor's annual convention in Boston, expressed his gratification on October 5 for the "splendid task" being done by American wage earners in turning out war implements but urged that American labor "do more and more until every necessity is met, until every battle is fought, until the victory is won and the peace established."

The President's message, which was in the form of a letter to William Green, President of the A. F. of L., also asked labor's "continued help in all aspects of the war effort and in the effort to stabilize the domestic economy." The President's message follows:

"My dear Mr. Green:

"Please accept my sincere thanks for your invitation to attend and address the 63rd annual convention of the American Federation of Labor in Boston on October 4. I am sure you will understand that the heavy duties of the present moment make it impossible for me to accept this invitation.

"I desire, however, to take this opportunity to extend to the officers and members of the Federation my cordial greetings on the occasion of the convention. Please assure those in attendance and all of the constituent membership of my gratification at the splendid task that has been done by American wage earners in turning out the munitions and implements of war. The battle of production is being won in every shipyard, machine shop, factory and construction outfit in this country, and the skill, speed and adaptability of American working men and women have made possible the outfitting and equipment of our military forces in record time. The participation of the wage earners of this country not only in the production drive, but in the support of the war effort by the purchase of war bonds, both out of union treasuries and out of personal subscriptions, is one of the items of American life of which we are very proud.

"In this free country we are proving ourselves able to do voluntarily all that is necessary for the support of the great war effort and to stand back of the brave men who go into combat.

"And while I express my gratification for what you have done in the past, I know that you will share with me the expectation and the challenge that American labor will do more and more until every necessity is met, until every battle is fought, until the victory is won and the peace established. Increasing efforts to maintain present production levels and to increase them in some instances are necessary. The working people will be asked to continue to support the war effort by lending their money and by making sacrifices and modifying their personal habits. These sacrifices all groups in the community are making.

"Many of the members of your unions have gone into the armed services. Many of your sons and brothers are taking their places in the combat lines. Some of your daughters and sisters are exposed to new and strange dangers in the nursing corps and in the auxiliary services. The war is very real to you. The cooperation of American labor in a no-strike policy and in the stabilization of wages to steady our economy are expressions of this realization.

"I ask your continued help in all aspects of the war effort and in the effort to stabilize the domestic economy. We anticipate a good deal of success in the rollback of prices which will stabilize and reduce the cost of living in essentials. For this the informed cooperation of all your members is needed.

"With best wishes for your successful convention, I am

"Very sincerely yours,

"FRANKLIN D. ROOSEVELT."

N. Y. Commerce Chamber Proposes Tax Program From Business Interests Of Nation For 1944

The Chamber of Commerce of the State of New York, at its meeting on Oct. 7, adopted a report of its Committee on Taxation outlining statements of principles and recommendations for "a unified general tax program from the business interests of the nation" for 1944.

The New York Chamber points out that other organizations whose representatives have endorsed the program include the State chambers of commerce of California, Colorado, Delaware, Illinois, Indiana, Kansas, Massachusetts, Montana, New Jersey, Ohio, Oklahoma, Pennsylvania, Virginia, West Virginia and Wisconsin, and the Greater North Dakota Association, the Providence (R. I.) Chamber, Organized Business, Inc., of South Carolina, Greater South Dakota Association and the East Texas Chamber.

On the subject of Federal expenditures, says the New York Chamber, the program recommends that Congress give full support to the recommendations for economies made by the Byrd Committee and adopt legislation to create a permanent Joint Committee on Economy and Efficiency. Urging that the entire Federal subsidy program be reappraised, the Chamber's Committee on Taxation proposes "that the present trend of ever-increasing Federal subsidies be curbed, and that no new types of grants-in-aid be approved by Congress except upon unquestioned proof that they are essential and sound."

Opposing any increases in the rates of the corporation income and profits taxes, the program says that such a step would (1) weaken the incentives to efficient production, (2) deprive corporations of necessary reserve funds, (3) endanger the maximum employment of labor after the war, and (4) would not aid in the battle against inflationary consumer spending.

Regarding post-war reserves, the program says:

"Deductions from taxable income for taxable years after 1942 should be allowed to corporations partnerships and other business proprietors for amounts set aside in reserves for post-war requirements, subject to appropriate limitations, and invested in a special type of Government obligation, bearing no interest until one year after the end of the emergency but negotiable at all times."

Recommending the repeal of war contracts renegotiation provisions of section 403 of Public Act 528, the program says "the original and principal purpose of this law has been accomplished and there is no further need for the continuation of the statute."

Repeal of the existing capital stock tax and the declared value excess profits tax, which "create a feeling of irritation, inequity and injustice which is all out of proportion to the amount of revenue involved" is urged.

The program recommends legislation whereby all forms of Government-owned or Government-financed enterprises shall be subjected to the payment of Federal taxes on the same basis as the private business with which they compete.

It is proposed that the question of whether a particular pension or profit-sharing plan for employees is valid as a basis for deductions under the income tax law should be studied by the Joint Committee on Internal Revenue to determine more definite statutory standards, instead of being left to the discretion of the Commissioner of Internal Revenue.

The program takes a firm stand against any increase in the present rates of the Old Age and Survivors' Insurance payroll taxes "until the necessity for an adjustment is made to appear." It would have any major revision of the Social Security System, such as proposed by the National Resources Planning Board, postponed.

Recommending a simplification of the structure of individual taxation, the program opposes increasing any of the rates of taxation on individual incomes, as well as proposals for the imposition of an individual excess profits tax and a spending tax.

The program strongly urges the adoption of retail purchase taxes for the duration of the war only to raise an estimated $5,000,000,000 revenue and at the same time to retard inflation.

Jesse Jones Suggests Local Firms Buy U. S. Plants After War

Local business should get the first post-war call for buying the Government's vast war plants and converting them to the private manufacture of peace-time goods, Jesse Jones, Secretary of Commerce and Federal Loan Administrator, told the House Small Business Committee on September 27.

Mr. Jones said the Reconstruction Finance Corporation, which he heads, will be ready to finance war plant sales to private industry.

In Associated Press Washington advices, it was further reported:

"I don't think the Government should manufacture things for civilian requirements," Mr. Jones said. "But these plants should not be sacrificed or junked. By and large they can be used for manufacturing things necessary to our peace-time economy."

Many of the deals under which the plants were built contain options which give war contractors the right to buy them after the war, he said.

"But local people should have the first call," he continued. "I don't think we should permit the war to further concentrate our economy into big units. We're better off with small units."

Mr. Jones gave the committee a breakdown of the Government's huge investment in industrial plants geared to war production. Through their operation, he said, there is no shortage of any strategic materials needed for the war.

V-Mail Extension

Postmaster Albert Goldman of New York announces that the U. S. Post Office Department has reached a reciprocal agreement with the Canadian Government whereby a resident of the United States may use the V-Mail form in corresponding with a member of the Canadian Armed Forces overseas. Likewise, a person residing in Canada may use the Canadian Airgraph form in communication with a member of the United States Armed Forces overseas.

Senders in the United States will enter in both the inside and outside address panels of the V-Mail form the name, rank, and organization of the addressee, followed by "Canadian Army Overseas" or "Royal Canadian Air Force Overseas," as the case may be. Such V-Mail letters are subject to postage at the domestic rates; that is 3 cents for ordinary mail and 6 cents if air mail is desired to Toronto, Ontario, to which place the V-Mail letters will be sent for photographic microfilming and transmission to destination.

Jones Says Increased Food Subsidy Funds Are Needed To Get All-Out 1944 Production

In appearing before the House Banking and Currency Committee on Sept 29 to urge continuance of the Commodity Credit Corporation and an increase in its borrowing power by $500,000,000, Marvin Jones, War Food Administrator, pointed out that since 1944 is to be an all-out food production year, farmers must be given "every financial and physical aid in their effort to produce the largest possible volume of food."

The increased CCC funds, Mr. Jones declared, are necessary in order that the WFA may be in a position "to make good our guarantees to farmers of prices that are necessary to see them through the growing, harvesting and marketing seasons." Pointing out that 1944 farmers' costs will be higher than this year and so farmer returns will need to be somewhat more, Mr. Jones said that the WFA "should have the authority to make whatever price guarantees may be necessary to get an all-out agricultural production in 1944."

In his statement, Administrator Jones further declared:

"We expect that costs of production will not rise as much during this coming year as they have risen during the first two or three years of the war. But they may rise some. In order to increase production, we want to be able to meet that rise in our farm price supports.

"I know that the nation's farmers and ranchmen will produce an abundance if they have the necessary tools, equipment and repairs, fertilizer, credit, labor and a price that is adequate to cover the extra costs and hazards of increased production. We shall continue to drive for every possible physical and financial aid to production.

"In my judgment, the best way to get production is to have a definite support price that will last throughout the season. It should be high enough to cover the added risks and hazards that go with increased production. And it should be announced early. This means that the Government would stand ready to buy any surplus of a commodity that might not flow into the regular channels at the time, and to absorb whatever loss may be necessary.

"As I have indicated, the bulk of the borrowing capacity which is proposed in the present bill will be used in commitments to support prices to farmers at not less than 85 to 90% of parity, as we are directed to do by Congress. Even though we don't lend up to the full amount of these commitments, we must stand ready to make good at all times to see the farmers through in return for the great effort they are making to meet all of our food requirements—to keep our boys at the front well fed and our war workers and other civilians at home in the best possible physical condition to produce the guns, the planes, the ships and other munitions of war.

"I want to bring one specific point to the attention of the Committee. Under the present law the Commodity Credit Corp. cannot sell any commodity except grain for feeding at less than parity price. Such a provision appears reasonable for commodities that can be stored. However, we are announcing some price supports for perishable commodities. In the case of perishable commodities the Corporation should be permitted to dispose of such commodities at less than parity where necessary to prevent waste of food."

Iran Joins United Nations

Iran has been formally welcomed into the ranks of the United Nations, following that country's declaration of war against Germany and its adherence to the Declaration of the United Nations.

The Iranian Minister, Mohammed Shayestah, affixed his signature to the Declaration at the State Department in Washington on Sept. 14.

In commenting, Secretary of State Hull said:

"This action of the Government of Iran is a new manifestation of the determination of Iran to contribute to the cause of the freedom-loving nations in their struggle for victory over Hitlerism. The Government of the United States, as depository for the Declaration (of the United Nations), is indeed gratified to welcome Iran into the ranks of the United Nations."

July Hourly Earnings Reach New Record

Average hourly earnings rose to a new peak in July, according to the regular monthly survey of 25 manufacturing industries conducted by the National Industrial Conference Board. Average weekly earnings, total man hours, and total payrolls, on the other hand, reversed their upward trend. Employment declined fractionally below the June level.

In reporting this on Sept. 30, the Board further said:

"Advancing for the 36th consecutive month, average hourly earnings at $1.019 increased 0.3% over June although the average work week was 0.5% shorter in July than it had been in June, and reported wage-rate increases averaged only 0.1% for all workers in the 25 industries.

"Average weekly earnings at $46.10 in July were 0.1% lower than in June because the extent of the decline in hours was greater than that of the rise in hourly earnings. They were, however, higher than in any other month, except June, and exceeded the January, 1941 level, the base date of the Little Steel formula, by 50.6%. Because living costs declined 1.2% from June to July, 'real' weekly earnings, or the quantity of services and commodities that could be purchased, rose 1.0%. Since July, 1942, 'real' weekly earnings have risen 10.1%. Since January, 1941, they have advanced 26.0%.

"Employment, in declining 0.1% in July, reverted to the secondary peak of March of this year. As compared with July of last year, 9.4% more wage earners were employed.

"Total man hours worked, showing the effect of both shorter working hours and reduced employment, declined 0.6% in July, but averaged 15.6% above those a year before. Total payrolls, after having risen for 23 consecutive months and having passed all previous peaks, declined 0.3% in July, but they were greater than in any other month except June. They stand 26.6% above last year's level."

Federal Land Banks To Charge 4% Loan Rate

The twelve Federal land banks will place all their outstanding farm loans on a 4% interest rate basis next June 30, it was announced September 30 by the Farm Credit Administration. In Associated Press advices, it was further indicated:

Some of the early Land Bank loans were made at rates as high as 6%. However, since 1933, Congress has been voting subsidies to the land banks which enabled them to charge farmer borrowers only 3½%. By instituting a uniform 4% rate, the land banks would make unnecessary the subsidies, which have amounted to about $20,000,000 a year.

New Members Of N. Y. Chamber Of Commerce

Leading executives in the transportation, petroleum, steel, dairy products, sugar and publishing industries headed a list of 46 business men who were elected to membership in the Chamber of Commerce of the State of New York on Oct. 7. Prominent among those elected were:

R. W. Brown, President, Lehigh Valley Railroad Co.

Ralph W. Gallagher, President, Standard Oil Co. of New Jersey.

David M. Keiser, President, Cuban-American Sugar Co.

A. N. Kemp, President, American Airlines, Inc.

Madison H. Lewis, President, The Borden Co.

Joseph T. Lykes, President, Lykes Bros. Steamship Co.

Albert V. Moore, President, Moore-McCormack Lines, Inc.

J. S. Ogsbury, President, Fairchild Aviation Corp.

W. Morgan Shuster, President, D. Appleton-Century Co., Inc.

George D. Thompson, Chairman, Pittsburgh Steel Foundry Corp.

William White, President, Delaware, Lackawanna & Western Railroad Co.

William G. Wood, President, Consolidated Shipbuilding Co.

In addition to the individuals, the following companies were elected to corporate membership in the chamber:

New York, New Haven & Hartford Railroad Co., American Woolen Co., Western Electric Co., Westinghouse Electric & Manufacturing Co., Philip Morris & Co., Ltd., Charles Chipman's Sons Co., Andelta Leather Co.

2nd Quarter Imports Up 3 Million Tons

Imports into the United States during the second quarter of 1943 showed an increase of 3,000,000 tons over first quarter receipts, Dr. William Y. Elliott, Chief of the War Production Board Stockpiling and Transportation Division, revealed on Oct. 6. Total imports for the first half year amounted to 20,000,000 long tons, with June arrivals almost twice as great as those in January.

Two-thirds of the second quarter gain was in off-shore imports, it was said, with the remainder accounted for by augmented inland movements from Canada and Mexico.

The announcement from the WPB added:

"Of total off-shore imports received from the first of the year through June 30, approximately 98.5% were items on the priority schedules issued by the War Production Board, or goods from areas from which cargo space is available in sufficient quantity to permit transport of less essential commodities. Import quotas established by WPB for more than 200 critical materials, all in short supply, were exceeded by 38% in actual performance during the half-year.

"Total imports by air for the period reported on amounted to approximately 3,330,000 pounds. Materials flown here are those most critically needed in war production, such as mica and quartz crystals for radio and other communication equipment, industrial diamonds, baryllium and tantalite. Among more bulky commodities brought in by air were some 500,000 pounds of crude rubber.

"As a result of the operation of the import program by the various interested government agencies, adequate stockpiles of most of the essential foreign materials have been accumulated in this country."

Illinois Director Of Insurance Criticizes Proposal For Federal Government Supervising Insurance

Efforts to place insurance under protective custody of the Federal Government and extension of Social Security were likened to "political plagiarism" by Paul F. Jones, Illinois Director of Insurance, speaking before the 38th annual convention of the American Life Convention in Chicago on Oct. 6. Director Jones declared that insurance companies have always "held to the sanctity of their contracts and obligations." He said that over half the nation's people have been converted to the idea of "freedom from want and security in old age." This, he said, has been accomplished in the past 25 years through efforts of life insurance agents.

"There is no redress for libelous charges made by the sovereign powers," said Director Jones, "but, of course, there is a remedy. Policyholders can reject political paternalism at the ballot box and they will do so if they believe it is better to continue their insurance with private enterprise properly supervised."

In addressing the convention Mr. Jones spoke in part as follows:

"During your stewardship, you have made a remarkable record. Over the past 25 years, the number of policyholders has increased from 25,000,000 to 67,000,000; insurance in force from $27,000,000,000 to $130,000,000,000, and your assets from $6,300,000,000 to $36,500,000,000. The custody of that tremendous fund is in your hands. It is, therefore, your responsibility to meet successfully any plan, strategy or event that may destroy the value of those savings, or impair the terms of your agreements.

"Life insurance companies have always believed in the sanctity of their contracts. It is their record of contractual responsibility that has inspired the confidence of Republicans, Democrats, New Dealers, and Socialists—laborers, tradesmen, farmers, teachers, artists, merchants, and bankers—wise men and foolish men—tipplers and teetotalers. Whatever may be the race, creed, temperament, or station, all types and manner of men are carrying life insurance because they know that your promises have not been changed or altered by temporary emergencies, and that your honor has never been sullied by repudiation. Such a record justified the trust of millions.

"There are some, however, who believe that the war will change all this. They insist that the history of insurance in times of past conflicts and disaster, can shed no light on the problems of the future. As they see it, the postwar period will not only differ from the old world in forms of transportation, trade and social relationship, but they insist that rules foreign and contrary to our experience must be applied in business and finance. In the case of insurance, it has already been suggested that the nation's policyholders can better be protected by the intervention and supervision of the Federal Government. In the parlance of Europe, it might be said that the Government should occupy the field of insurance, and take into its "protective custody" the future premiums of the people.

"The extension of Social Security is also being proposed. Whether it is desirable, depends largely on the real objectives of those who propose such extension. No one of decent impulses would question the establishment of certain basic benefits, but citizens will not agree if they believe that the motive or effect of compulsory contributions is to supplant the free and voluntary system we now enjoy.

"And, of course, no one can do more than complain of political plagiarism, if the disciples of the 'new order' advocate 'freedom from want and security in old age.' Life insurance agents have been preaching that doctrine for the last 25 years, and over half the nation's people have been converted. Furthermore, there is no redress for libelous charges when made by the sovereign power, but, of course, there is a remedy. Policyholders can reject political paternalism at the ballot box and they will do so if they believe it is better to continue their insurance with private enterprise properly supervised.

"These controversies and problems are stimulating and interesting, and make life worth while. Debate will provoke intelligent thought and in the long run, will result in greater progress. I have no doubt that sane and sensible business policies will prevail in the future, just as they have in the past . . . Sane and far-sighted judgement is as much a part of insurance as are the mathematical formulae that determine the hazards and expectancy of life. No better procedure could be suggested, even as an antidote for political poison."

More Coal Mines Released

Secretary of the Interior Harold L. Ickes on Sept. 24 announced that the Coal Mines Administration has released 69 more mines belonging to 39 companies, under provisions of the Smith-Connally Act. Of these 25 were anthracite mines and the remainder bituminous.

Termination of Government possession and control over these mines brought to a total of 930 the number of coal mines returned to private possession since Aug. 21.

Mines released by the Government to date have an estimate annual production of 236,370,607 tons, or more than 35 per cent of this year's production requirements of 665,000,000 tons of anthracite and bituminous coal.

Mines still in possession and control of the Coal Mines Administration now total about 2,448. Secretary Ickes said these remaining mines will be returned in accordance with the provisions of the Smith-Connally Act. This law provides that the Government must release mines from its control and possession as soon as practicable, but in any event not more than 60 days after the restoration of the productive efficiency prevailing prior to taking possession of the mines.

Ton-Miles Of Revenue Freight Up 10.9% In Aug.

Railroads of Class I in the United States handled about 11% more ton-miles of revenue freight in August, 1943, than was handled in the corresponding month of 1942, according to a preliminary estimate prepared by the Association of American Railroads and made public on Sept. 20.

In the first eight months of 1943, Class I railroads performed approximately 18% more revenue ton-miles of service than in the same period of 1942, 60% more than in the same period of 1941, and 138% more than in the first eight months of 1939.

The following table summarizes revenue ton-mile statistics for the first eight months of 1943 and 1942:

Revenue Ton-Miles of Freight
(000 omitted)

	1943	1942	% Inc.
First 6 mos.	349,948,647	290,156,269	20.6
Mo. of July	*64,400,000	56,956,174	13.1
Mo. of August	†65,000,000	58,626,310	10.9
Total 8 mos.	479,348,647	405,738,753	18.1

*Revised estimate. †Preliminary estimate.

The Financial Situation

(Continued from first page)

that the factors which are responsible for the situation that has arisen could have been dealt with more constructively both by the Senators concerned and the Administration. The fact remains, nonetheless, that a beginning appears to have been made in obliging the authorities, particularly in this country, to face certain facts which are now urgent, and apparently growing more so with each passing day.

Not the British But Ourselves

The impression appears to prevail rather generally that the strictures now being made by the returning Senators are primarily complaints of the policies, practices, and attitudes of certain of our allies, notably Great Britain. London dispatches definitely assume that such is the case. It does not appear to us, however, that such a supposition is wholly warranted. True it is, of course, that the complaints that have been permitted to reach the public do for the most part concern things that British and certain members of the British Empire have done or have failed to do. Yet it would appear that these allies of ours are at most charged merely with looking rather shrewdly and carefully after their own interests. Perhaps in the circumstances blame should be attached to them for conducting themselves in such a manner, but it appears to us that the real gravamen of the charges is that we have failed, and are failing, to look with equal care after our own interests. The fact is that only the presence of a rather widespread suspicion that we have been failing in this particular has lent credence to much of what is said to have been reported by this Senatorial group and aroused a widespread feeling of uneasiness in many sections of the public.

Too Close Bargaining?

The arguments which come out of London, which may or may not have been more or less inspired, are particularly disquieting in the circumstances. The plea appears to come perilously close to one of confession and avoidance. The implication is that we have not asked for treatment different from what we are getting, and that anyhow Great Britain must protect her interests until such time that she can be really sure of our post-war attitudes toward a number of problems which closely affect her. It is even suggested in at least one quarter that once the British mind is at ease that we are ready to stick by the Empire through thick and thin during the years to come (or something very nearly the equivalent of it) all British bases from Scapa Flow to Singapore would be open to us! As if what we wanted, or should want, to make our position secure in the years to come is to "share" British bases throughout the world! Indeed if one were to interpret much of this sort of argument at all literally, one would find it difficult to avoid the conclusion that what is being said is that the British would be willing to grant us much of what we desire and of what our support in this war has entitled us to only if we continue in the future to underwrite the British Empire.

This kind of discussion cannot possibly help in insuring the best of relationship between the two countries either during hostilities or after the war, but if this is really the attitude of the British authorities—which is certainly not clear at this time —we should be wise to face the fact now. The truth probably is that the British feel the need of our support in the years to come, as they feel the need of Russian support, and they are doing their best to obtain both—with a very substantial amount of dread of a situation that might call for her being obliged to choose between the two. This is a perfectly natural position for the British, and, so far as we are concerned, no stigma attaches to them for assuming it. We must not, however, forget for a moment that we too have interests. It would serve no one well were we to permit ourselves to become over-influenced by the British, who are much older in world politics than are we, or by any other power on the globe. Nor is there any reason why the interests of the United States and those of either Russia or Great Britain should clash in any serious way.

More Realism Needed

What at worst the British are accused of doing appears to be to take advantage of our visionary conception of the war, of the behavior of nations, and of the post-war world. What we need to do is to inject more realism into our dealings with our friends. There is no reason whatever why such a course on our part should interfere with war operations, or with any sane peace settlement. Indeed it should, we should suppose, promote both causes. No legitimate call of duty, and no considerations of self-interest, require us to give recklessly of our life and treasure "for the sake of humanity" while our partners in the war fail to do the utmost that is in them to save their own hides, or insist upon keeping a weather eye open to insure their future at our expense. Nor do we think that we should gain in their respect by pursuing such a course. Neither should we be wise in underwriting the British Empire of in undertaking to meddle in the affairs of Europe (no matter whose chestnuts are in the fire) in return for "concessions" we have already more than earned, especially since we are in need of nothing which would seriously infringe upon the interests of any of our associates.

Time For Reconsideration

All this is the more to the point in view of the evident and perfectly natural desire of the British that we should ally ourselves with them, and doubtless with Russia, to make secure interests which are predominantly British. The report of the returning Senators is the more valuable, too, by reason of the apparent inclination of so many of our influential men within and outside of the Administration to support policies which would involve us in entangling alliances of the most hazardous sort. But not only in the field of international politics as such does such danger present itself. The recent world stabilization fund proposals, and now the suggestion of a world RFC, make it plain enough where we should be heading were some of the dreamers in Washington to have their way. To the initiated all such indications fairly shout: STOP! LOOK! LISTEN!

The time is here when we must pause for a very careful reconsideration of our entire foreign policy. The report of the returning Senators should serve to stimulate precisely such a reconsideration.

Payment On San Paulo 7s

Schroder Trust Co., New York, as special agent, is notifying holders of State of San Paulo (United States of Brazil) 7% secured sinking fund gold dollar bonds, coffee realization loan 1930, that it has received funds to pay immediately, 50% of the face amount of the coupons due April 1, 1942, amounting to $17.50 for each $35 coupon and $8.75 for each $17.50 coupon. Payment will be made in accordance wtih provisions of Presidential Decree No. 23829 of Feb. 5, 1934, of the United States of Brazil, as modified by Decree Law No. 2085 of March 8, 1940. The announcement also says:

"The acceptance of these payments is optional with the holders, but pursuant to the terms of the Decree payment, if accepted, must be for full payment of the coupons and of claims for interest represented thereby.

"Holders of April 1, 1942 coupons may obtain payment of the amounts prescribed upon presentation and surrender of the coupons for final cancellation at the office of the special agent, 48 Wall Street, New York 5.

"While the maturity date stated in the bonds is Oct. 1, 1940, Decree Law 2085 provides for payment of interest at the above rate and for certain amortization during the four-year period ending March 31, 1944."

From Washington

(Continued from first page)

past, misled by narrow-minded isolationists and the like, and from now on must show a "concern" in world affairs, we and Britain must go all down the road side by side, in mutual self-protection because we speak the same tongue, each one of us, dominant in his own field. Britain or the British Empire won't have any dominance in any field if we undermine her as we go along. If, for example, we keep pointing out to the Africans, the Indians, the others, that we are the ones who are sending over the goodies, that we are the Lady Bountifuls, not Britain. What could be our purpose in doing this, or in insisting that our flag fly atop the British flag in the administrative buildings of the places we occupy? To make the conquered peoples love us more than the British? That would be a fine way, indeed, to treat the guardian of our liberty. And it would certainly not help the scheme of our world planners for the future—a scheme by which both we and the British are to recognize our common heritage and always act together.

Frankly, it would be like the disloyal subordinate to whom the boss gives a wide latitude for his talents and he reciprocates by undermining the boss wherever he goes, until finally both he and the boss topple over. If we are going to have an outpost in our world affairs, a carefully established guardian of our liberty against lesser civilized peoples all over the world, we've got to keep ballyhooing its virtues, not going around in an underhanded way and saying to people that the outpost or guardian is trying to impress: "That food he gave you yesterday really came from us."

As we said at the outset though, it is going to be difficult for the Administration to keep us viewing things in this realistic way. You gather this from the fact that three Democrats, two of them, at least, staunch New Dealers, and all pre-Pearl Harbor interventionists, are members of the globe-trotting indignant group. Frankly, it wasn't very difficult to open the eyes of Senators Lodge and Brewster, if opening the eyes is the proper description of the experience the gentlemen had. They are supposed to be in that despised narrow-minded, provincial group which doesn't understand the facts of world-life. But Senators Russell, Mead and Happy Chandler, to a lesser extent, are in the advanced set, and supposed to have been looking clearly ahead all the time.

Incidentally, and not necessarily related to the foregoing, our British propagandists might well take heed of a statement recently made by a veteran leader of the American Federation of Labor.

"Many of us realize," he said, "that much of the feeling or agitation against organized labor today comes from an impression that we have a tie-up with the incumbent government."

It can be taken for granted that the Republicans will make much of the revelations of the globe-trotting Senators because it is a criticism of the Administration. They won't be restrained by its "anti-British" aspect because they are coming more and more to consider Winston Churchill as part of Roosevelt's fourth-term campaign. There seems to be little doubt that Winnie and Franklin, as they call one another, have some sort of a mutual pact concerning their respective political fortunes. For that reason the British are likely to hear a lot of stuff as the Presidential campaign gets closer that will sound anti-British to them but which is really only anti-Roosevelt and anybody on his team.

The Future Of Air Transport

(Continued from first page)

concerns than to the air transport companies. On the other hand, the low market price of these manufacturing company stocks may have discounted much of this grief.

Growth Possibilities

Passengers desiring to use commercial air lines now greatly exceed present capacity. If it were not for lack of equipment, passenger air mileage would now be at least double that of a year ago. On many lines express and air mail poundage have doubled; but while the war lasts not much growth can be expected in passenger service. However, with the war-lid off, I expect to see planes still booked to capacity even though more equipment will then be available. Equipment of all kinds, however, as well as pilots and operating personnel, will be plentiful. The availability of these should help operating costs even though taxes remain heavy.

The air lines have, perhaps, the most progressive managements of any industry. They are learning much from wartime transportation problems. Incidentally, they are contributing much to the successful conduct of the war. Of the future position in world transport of our air lines there can be no doubt. This is witnessed by the inauguration of daily transcontinental all-cargo flights, and by the applications on file for transatlantic routes. In exchange for "lend lease" and other Allied aid we may ultimately secure permanent air bases in the West Indies, the Pacific and elsewhere. Ostensibly these will be for our defense, but actually they will be used for commercial purposes on a rental basis by our our air lines.

Economic Advantages

The history of transportation shows that from its earliest stages some "roadbed" had to be provided for besides equipment. For example, barges require that canals be dug; railroads require roadbeds and bridges; while automobiles require fine highways. For air travel no such expensive outlays are necessary. The construction of airports and terminals, aside from equipment, is the only "use" expense to which air lines are put. Usually they bear only a portion of this cost. Certainly, after the war, they will secure the use of many fields and terminal facilities without much expense involved.

The airplane has already given us greater speed than any mode of transportation that preceded it. It is our most efficient unit of travel; yet its perfection is still in its infancy. Certainly, in the near future, the convenience, safety, comfort and flexibility of air transport will improve greatly. The fact that planes move in the **free medium of the air is a basic economic advantage not often considered.** My bet is that air transport will expand far more rapidly than did the railroads and the tractions and that this will be accomplished at far less proportional expense. While the transport stocks have had a steep market rise, there is little question as to their basic soundness and future popularity. Events are very favorable for the entire air transport industry. I advise hanging on to the stocks of the four largest companies provided one properly diversifies and distributes his investment among these four. These few companies handle 81% of the air transport business. To get a similar large interest and proper diversification in railroad transportation an investor would be obliged to purchase stock in nearly one hundred separate roads.

Franco-Russian Post-War Entente Seen In De Gaulle's Speech In Corsica

General Charles De Gaulle has taken the first step in turning his followers and probably the post-war French government definitely toward Russia, with the Russians reciprocating by intense cultivation of the present French leadership, said an Associated Press dispatch from Algiers, on Oct. 9, which added:

"Meanwhile, it was announced today that Alexander Bogomolov, Russian delegate to the French Committee of National Liberation, and Edwin C. Wilson, American member of the new Allied Politico-Military Mediterranean Commission, both had arrived at Algiers.

"De Gaulle's statement during a speech in Corsica the other day that the Mediterranean is a pathway for 'a natural alliance with dear, powerful Russia' preceded disclosure that Bogomolov would bring to Algiers a large diplomatic mission.

"Andrei I. Vishinsky, Russian member of the Mediterranean commission, is expected here soon and is said to be bringing a staff of 20 to 30.

"The combined staffs of Vishinsky and Bogomolov would number, by these accounts more than 50 political, military and economic experts. Such a large number would reflect the importance Russia attaches to friendly relations with the French Government.

"The national committee members are said to feel that they are not empowered to make alliances for post-war France, since such a step must await formation of a complete, legally constituted authority on French soil by the French population. But that is not preventing their orienting French policy in the direction of close amity with Russia."

Cut Size of "E" War Bonds

In accordance with the Treasury Department's intention to reduce the size of War Savings Bonds of Series E, the Federal Reserve Bank of New York on Sept. 22 requested that, after the termination of the Third War Loan Drive, all issuing agents "requisition minimum supplies of bond stock and of special penalty window envelopes of the present sizes in order to facilitate the transition to the smaller sizes." The smaller bond, to be approximately 7¾ by 4¼ inches, is expected to be available in about a month, depending on the rate at which supplies of the present size bond are exhausted.

In his circular to issuing agents in the Second Federal Reserve District, Allan Sproul, President of the New York Reserve Bank also stated:

"The purpose of the reduction in size is to conserve labor, paper and other materials, and it is estimated that a saving of about $1,750,000 a year in paper and production costs alone will be realized on the basis of sales of Series E bonds during the year ended June 30, 1943.

"The smaller bond will be produced in two types of assembly. The Type "A" assembly will be used by issuing agents inscribing bonds by means of typewriters or other methods employing carbon paper to reproduce the registration data on the stubs. This assembly will be substantially the same as that now used by such agents and, accordingly, there will be no change in their operations when they commence to issue the smaller bonds.

"The type "B" assembly, which is for use by issuing agents inscribing bonds by means of addressing machinery or other methods *not* employing carbon paper to reproduce the registration data on the stubs, will be changed in some respects with the introduction of the smaller bonds. In order to permit such agents to examine the new Type "B" assembly in advance of the date on which the change to the smaller bond will become effective, we have obtained a supply of dummy Type "B" assemblies and will furnish limited quantities thereof to issuing agents upon written request.

"When stocks of the smaller bond are available for distribution to issuing agents, a change will be made in the dimensions of the special penalty window envelopes supplied for the purpose of delivering bonds by mail where over-the-counter delivery is impracticable. The size of the new window envelope will be approximately 8⅛ by 4⅜ inches, with a covered window 1 by 3½ inches situated 1⅜ inches below the top of the envelope, the left-hand margin of the window being 1¾ inches from the left-hand edge of the envelope. No change will be made at this time in the dimensions of the closed face envelope."

London 'Economist' Is 100 Years Old

The London "Economist" observed on Sept. 2 its one hundredth anniversary.

President Roosevelt joined leading British politicians and business men in acknowledging their debt to this journal, which has long been recognized as one of Britain's valued institutions according to a London cablegram to the New York "Times," which added:

"Tributes to The Economist were printed by The Times of London, The Manchester Guardian and The Yorkshire Post.

"Sir Walter Layton, editor of The Economist from 1922 to 1938, presided at the anniversary luncheon. Geoffrey Crowther, the present editor, spoke briefly in support of the policy of anonymity that has been one of the keystones of the journal. Herbert Morrison, Home Secretary, recalled that the paper had assailed certain Government controls after the first World War, but today "does not shrink from the necessity of control or the prospect of any other economic or financial technique that will give the nation service in the fundamental job of getting a good living and helping the rest of the world to do the same." Sir Kingsley Wood and Montagu Norman also praised The Economist.

War Prisoners' Mail

Albert Goldman, New York Postmaster, anounces that information has been received from the Post Office Department that correspondence which may be received by Greek prisoners of war is no longer restricted to letters or cards from persons in this country who receive forms for the purpose from the prisoners concerned.

It is also indicated in the announcement that orders for standard Red Cross food packages to be sent to French, Belgian, Yugoslav, Netherlands and Polish prisoners in Germany through the American Red Cross must be accompanied with either a Blue or Red package label issued by the German authorities to the prisoner and sent by the latter to his relatives in the United States. Heretofore, such labels were not required in ordering a standard Red Cross food package for a Netherlands prisoner.

Hawaiian Bank Deputy

A. J. Cantrelle has been appointed Deputy Bank Examiner for the Territory of Hawaii to succeed W. W. King.

W. A. Harriman Is Ambassador To Russia

W. Averell Harriman was nominated by President Roosevelt on Oct. 1 to be United States Ambassador to the Soviet Union. Mr. Harriman, who has been Lend-Lease Coordinator in Great Britain since February, 1941, was named to succeed Admiral William H. Standley, who resigned because of "personal considerations."

Mr. Harriman, who had been in Washington since attending the recent Quebec conference of President Roosevelt and Prime Minister Churchill, returned to London on Oct. 4. He is expected to be present at the forthcoming meeting in London or Moscow of the Foreign Ministers of Great Britain, the Soviet Union and the United States, as principal aide to Secretary of Sate Cordell Hull. Mr. Harriman has been to Moscow several times in connection with his lend-lease duties, heading a special mission in 1941 and accompanying Mr. Churchill on his trip there in 1942. He has also been present at each of the Roosevelt-Churchill war conferences.

Admiral Standley, who returned to Washington the latter part of September, had served in the Moscow post since April, 1942. The former Chief of Naval Operations retired from the Navy in 1937, after 40 years' active service.

The White House released President Roosevelt's letter accepting the resignation with "real regret" but did not make public the Admiral's letter. Mr. Roosevelt praised the Admiral's "valuable service" to the country both during his naval career and diplomatic term of office.

The text of the President's letter of acceptance follows:

"It is with real regret that I accept your resignation as Ambassador to the Soviet Union. During your term of office, as well as during your distinguished naval career, you have rendered valuable service to your country and I feel that you have greatly contributed to the cause for which we are fighting and also to the high purpose which led you to accept the position as Ambassador, namely, full and friendly cooperation and understanding between your country and the Soviet Union now and after the war.

"I know that you are always ready to serve your country and to make any sacrifice for it. Your willingness to accept the post of Ambassador to the Soviet Union after having so loyally served your country for over half a century is witness to that. However, in view of the personal considerations set forth in your letter of resignation I do not feel that I can place any obstacle in the way of your wishes to retire.

"In accepting your resignation, I want you to know how deeply appreciative I am of the faithful and valued services you have rendered your country and of your personal loyalty to me."

U. S.-China Shipping Pact

The War Shipping Administration announced on September 7 that it had assigned two Liberty ships to the Chinese Government, to be manned by Chinese seamen and operated under the Chinese flag for the duration. Due to the present lack of Chinese merchant officers, American officers will be carried until Chinese replacements can be trained. Associated Press accounts from Washington reporting this added:

"Bareboat" charters of the vessels were executed by Dr. T. V. Soong, Chinese Foreign Minister, and Admiral Emory S. Land, War Shipping Administrator.

Legion Head Criticizes Strikes As Treasonable; Green Of AFL Makes Sharp Reply

Warren H. Atherton, National Commander of the American Legion, denounced strikes as "treasonable" on Oct. 8 in a speech to the Convention of the American Federation of Labor at Boston, and was told in a vigorous reply by President William Green that he should look beyond the "inconsequential faults of a small minority."

Associated Press Boston advices Oct 8 reported as follows regarding their views:

If, said Mr. Atherton, it is treason for a soldier to refuse to use his gun, "then, too, it should be treason for a man who is fortunate enough to be on the home front to do anything that keeps him from getting that gun."

Mr. Green, in reply, said: "Those who seek perfection in an imperfect world are doomed to disappointment. But those who follow the pathway of reasoning and logic can look above and beyond the inconsequential faults of a small minority. We are making a fine record in a most imperfect world."

Departing frequently from his prepared text, Mr. Atherton said: "I think the men who call strikes or participate in them under present conditions are rendering labor a very great disservice." He cited a recent strike of Pacific Electric Trainmen and said that he did not know why they struck and that the public doesn't know why.

"We lost more planes and ships in those few days than the enemy knocked down in that week," he asserted. "I don't know the trainmen's demands. I am willing to concede they were absolutely justified."

But, he added, an arbitration court had rendered a decision. "Maybe it was wrong. I don't know. That isn't the point. When the umpire calls a man out he's out. He may be wrong, but the man is still out. That's the American system!"

Mr. Green said the A. F. of L. made its no-strike pledge out of honest hearts and added that the President of the United States told labor it had kept that pledge 99. 9/10%. "That," he said, "was kept by imperfect men. I contend it is an amazing record and in an imperfect world."

Mr. Green went on to say that the A. F. of L. had a high regard for the men of industry, adding: "We do not denounce industry as a whole for the sins of some in industry. We do not denounce all of industry because some steel company in America supplied our Government in this emergency with defective armor plate.

"I venture to say there are sinners in the American Legion."

Dineen Named Head Of N. Y. Insurance Dept.

The appointment of Robert E. Dineen of Syracuse as New York State Superintendent of Insurance was announced on Sept. 23 by Governor Dewey.

Mr. Dineen, a member of the Syracuse law firm of Bond, Schoeneck & King, was named to the $12,000 a year post to succeed Thomas J. Cullen, First Deputy Superintendent who has been acting head of the Department since the resignation of Louis H. Pink in January. At the request of Governor Dewey and Mr. Dineen, Mr. Cullen is to remain as First Deputy to assist in the organization work.

Mr. Dineen has specialized in insurance litigation since he became associated with the law firm in 1926. He is a member of the New York State Bar Association and is on the Association's committees on workmen's compensation insurance and aviation law.

Mr. Pink, who had been Superintendent since 1935, resigned at the end of 1942, when his term expired, in order to become President of the Associated Hospital Service of New York; this was noted in these columns Dec. 24, 1942, page 2256.

NYSE Short Interest Lower On Sept. 30

The New York Stock Exchange announced on Oct. 8 that the short interest as of the close of business on the Sept. 30 settlement date, as compiled from information obtained by the Stock Exchange from its members and member firms, was 761,827 shares, compared with 801,321 shares on Aug. 31, both totals excluding short positions carried in the odd-lot account of all odd-lot dealers. As of the Sept. 30 settlement date, the total short interest in all odd-lot dealers' accounts was 32,242 shares, compared with 34,070 shares on Aug. 31.

The Exchange's announcement further explained:

"Of the 1,238 individual stock issues listed on the Exchange on Sept. 30, there were 40 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

"The number of issues in which a short interest was reported as of Sept. 30, exclusive of odd-lot dealers' short positions, was 615 compared with 607 on Aug. 31."

In the following tabulation is shown the short interest existing at the close of the last business day for each month of the present year:

1943—	Shares
Jan. 29	579,394
Feb. 26	663,750
Mar. 31	774,871
April 30	882,376
May 28	980,047
June 30	879,575
July 30	836,764
Aug. 31	801,321
Sept. 30	761,827

Says '44 To Be 'All-Out' Farm Production Year

The 1944 over-all production goal of 380,000,000 acres of crops, which has been fixed by the War Food Administration, will require even greater production than this year's record volume of crops and livestock products, J. B. Hutson, Associate Administrator of the WFA, declared in a recent address before a meeting of the North Carolina Farm Bureau Federation. The maintenance of production of meats, milk and eggs at high levels was also called for.

The proposed total of 380,000,000 acres for all crops in 1944 compares with 364,000,000 planted for 1943 harvest, Mr. Hutson explained, adding that it is only a little larger than the 377,000,000 acres planted in 1932. Included in the 380,000,000 acres is a specific goal for planting 68,000,000 acres of wheat, or about 26% more than the acreage seeded for harvest in 1943.

Mr. Hutson said that the WFA's principal concern is over the production of milk and dairy products. The 1944 goal for milk production to meet imperative war needs, he stated, is higher than 1943 and will be one of the hardest to reach. Mr. Hutson added that it will require dairy cows now on farms be kept at a high level of production and that dairy heifers be kept for cows instead of being slaughtered.

Russia Declines To Participate In Drafting Post-War Currency Plan

Russia declined an invitation to participate in the drafting of a post-war currency plan, presumably because they had no wish to share the responsibility for elaboration of a monetary scheme on capitalistic lines said the London "Financial News" on Oct. 6, according to an Associated Press dispatch from London that day which also said:

"This does not mean that it (Russia) would decline to participate in an international monetary arrangement elaborated by the Allied governments," the "News" said.

The original plan, after American and British negotiations had reached the advanced stage, the newspaper related, was to form a drafting commitee composed of delegates from the Soviet Union and China and two representatives of continental governments and two from Latin-American governments.

The idea of the drafting committee has been dropped, the "News" said, and instead American and British negotiations will aim at working out a detailed plan and the other Allies will be asked to adhere to the scheme or suggested modifications.

President Creates Survey Committee To Reduce War Waste

President Roosevelt announced on Sept. 24 the creation of a Joint Production Survey Committee of four high ranking Army-Navy officers to advise the joint Chiefs of Staff on changes in the procurement programs of the armed services "in the light of war development, production progress and changing military strategy."

The President in a formal statement said "constant attention is required to insure that our military programs are kept in step with altered military objectives, and that production programs are changed in accordance with lessons from the battlefields and the assembly lines."

"With critical shortages in material and manpower," Mr. Roosevelt declared, "we must see that we produce only what we need and that waste, unavoidably present in war, is kept to a minimum."

The President's statement said further that the committee "is also to provide machinery for full coordination of the military and civilian branches of our government by establishing close working relationship between the joint Chiefs of Staff and the Office of War Mobilization."

The statement added:

"The Committee will work closely and constantly with representatives of the Office of War Mobilization, advise the Chiefs of Staff with regard to problems raised by that Office which involve the military production programs, and co-operate with that Office in the endeavor to promote economies in the use of material and man power in the over-all production program."

Army Overseas Christmas Mail Not Insurable

Postmaster Albert Goldman of New York announces that in connection with the mailing of Christmas packages addressed to members of the Army or other persons receiving mail through A. P. O.'s overseas, senders are reminded that such packages cannot be insured, nor may such matter be registered except letters containing valuable or important papers.

Mail for personnel of the Navy, Marine Corps, or Coast Guard may be accepted for registration or insurance if it conforms to existing requirements as to weight, size, and other prescribed conditions.

Morgenthau Hails War Loan Success

Secretary of the Treasury Morgenthau announced on Sept. 30 that the national quota of $15,-000,000,000 for the Third War Loan drive had been exceeded with two days still remaining before the campaign ends.

Mr. Morgenthau made this disclosure in a radio address from Evansville, Ind., where he had earlier participated in the launching of a tank-landing craft at "the largest inland shipyard in the United States—perhaps in the world."

In announcing the sucessful results of the drive, Secretary Morgenthau urged that the people continue to "Back the Attack" in the long, grim months to come to "make sure that victory will be ours."

Pointing out that no American meets his bond responsibility in full until he "really feels pinched," the Secretary explained that the bond program from its inception has been kept on a voluntary basis "because it affords a means by which every American citizen can play a direct part, in our great national enterprise, of his own free will." He added that the bond program "is the one avenue of national service open to everybody," and because of this "is a great unifying influence on the home front."

Mr. Morgenthau also asserted:

"This is no longer a war of defense—if it ever was such a war! Nor is it any mere war of resistance against aggressors.

"This war is a struggle between two ways of thought.

"The lesson we have in mind for the dictators is that our way of life, our democratic principles can and will beat them, has crushed them in the past, will blast them this time, will halt them if they ever again dare to challenge it!

"Our every word, our every deed must reaffirm that our armies are, in fact, the people's armies: that the world of our future will be in fact a world for all the people all of the time.

"We know why we are fighting. This war is our passage to the future!"

At the outset of his talk, the Secretary related how the landing ships for tanks came into being and the important part they played in recent military engagements.

Justice Rosenman Resigns To Be Presidential Adviser

President Roosevelt announced on Sept. 14 that Justice Samuel I. Rosenman of the New York State Supreme Court has resigned from the bench in order to become his special legal adviser.

Justice Rosenman, who is relinquishing a $25,000 a year position for one which, it is said, will pay $10,000 or $12,000, will have charge of the increasing volume of quasi-legal tasks at the White House incident to the war.

Justice Rosenman was counsel to Mr. Roosevelt when the latter was Governor of New York from 1929 to 1932. He was named to the State Supreme Court in 1933 and later elected to a 14-year term. Since then, Mr. Rosenman has conferred frequently with the President, being a participant in the early "brain trust," and more recently it is reported his principal talks have included the drafting of executive orders reorganizing agencies of the Government.

Further 5% Cut In Newsprint Ordered

The War Production Board announced Sept. 20 a 5% cut in newspapers' consumption of newsprint, effective Oct. 1 and told publishers that "a further, perhaps far deeper" curtailment was inevitable next year.

Donald M. Nelson, Chairman of the WPB said, in a report to Lyle H. Boren, Chairman of the House Sub-Committee investigating the newsprint situation, that:

"Even when newspaper publishers accomplish the additional 5% saving they agreed to recently through their Industry Advisory Committee, consumption will still be about 94,000 tons in excess of production for the fourth quarter of 1943. Receipts of newsprint for the fourth quarter of 1943 will be approximately the same as in the third, or 870,000 tons, comprising 630,000 from Canada, 200,-000 from the United States and 40,000 from Newfoundland.

"Unless efforts of the WPB and the industries to increase the cutting of pulpwood in the United States and Canada bring unanticipated favorable results, present reserves of newsprint will be exhausted shortly and a further, perhaps far deeper, cut will be required in 1944."

At the same time, it was announced that Donald Gordon, Chairman of the Canadian Wartime Prices and Trade Board, has agreed to continue deliveries of newsprint by Canadian mills to U. S. consumers at the rate of 210,000 tons per month during the fourth quarter, in accordance with Mr. Nelson's request.

The following is also part of Mr. Nelson's report:

"It is clear, that there will be less newsprint in 1944 than in 1943. With these facts before them, newspaper publishers had the alternative of: (a) budgeting their consumption immediately to provide for a gradual adjustment to the diminished supply, or (b) consuming their reserves more quickly and facing a deeper cut later on. They have recommended the second alternative.

"The War Production Board decided to accept the recommendation of the Industry Advisory Committee that only an additional 5% cut be made for the fourth quarter because it wishes to keep the operations of American newspapers at the highest possible level consistent with orderly and equitable distribution. We are hopeful that our efforts to increase the supply of wood and pulp and the efforts of the Canadians will improve the long range outlook. However, it should be clear, and everyone concerned should understand, that in choosing to use its cushion now, the industry cannot count on borrowing from other essential demands to reduce the further curtailments that are inevitable through a large part of 1944."

The proposed 5% cut was reported in these columns Sept. 16, page 1120.

President Voices Hope For Yugoslav Liberation

President Roosevelt on Sept 6, expressed the hope that powerful Allied blows against Europe would help to "drive the invaders from Yugoslavia." This was reported in Associated Press advices from Washington, Sept. 6, which stated:

"In birthday greetings to the exiled King Peter II, who is celebrating his 20th anniversary in London, the President said:

"His Majesty, Peter II, King of Yugoslavia, London:

"On this anniversary of Your Majesty's birth it gives me pleasure to send to you my hearty congratulations and to convey to you the greetings and good wishes of the people of the United States.

"May the ever-increasing blows inflicted upon our enemies hasten the coming day of your brave people's liberation and sustain them in their heroic efforts to drive the invaders from Yugoslavia."

FRANKLIN D. ROOSEVELT.

President Urges Support For War Fund Drive

President Roosevelt formally launched the $125,000,000 campaign of the National War Fund with a radio address on Oct. 5, in which he declared that "ultimate victory is certain—but that it is still a long way off, and that for it we are paying and shall have to pay a great price." The President urged that the people give generously to the drive "remembering, as you give, that a share in the National War Fund is a share in winning war, and in winning the right of free men to live in a better world."

The National War Fund was founded at the suggestion and with the approval of the President's War Relief Control Board and combines in a single campaign the fund-raising appeals of 17 major organizations serving the men and women of our own armed forces and the civilian relief needs of our fighting allies.

The President's address was heard by 1,700 persons atending a dinner and stage presentation at the Waldorf-Astoria Hotel in New York opening the drive of the New York Committee of the Fund for its quota of $17,000,000. The New York City goal includes, in addition to the financial needs of the 17 major organizations, the budgets of nine local organizations whose activities are directly related to the war effort.

In addition to the President's address, those attending the dinner heard addresses by Winthrop W. Aldrich, President of the National War Fund; Mayor F. H. LaGuardia; Emil Schram, Chairman of the New York Committee; Mrs. Oswald B. Lord, Chairman of the New York Women's Division; Sir Gerald B. Campbell, British Minister to the United States, and Chester I. Barnard, President of the United Service Organizations.

Attending the dinner were ambassadors, ministers, and other high-ranking diplomats representing 12 of the United Nations whose relief agencies are members of the National War Fund.

The President's address follows:

"My friends and fellow Americans:

"We, the people of the United States, know now that ultimate victory is certain—but that it is still a long way off, and that for it we are paying and shall have to pay a great price.

"In the genius of the American people—for freedom, and decency, and friendliness among neighbors—lies one of our best weapons for that victory, and certainly our greatest insurance for a peace that will be just and lasting. Our men and our allies know they have made no covenant with our government alone. They know they have the backing of all the resources and spirit of the American people themselves. In that conviction alone lies the winning morale which no slave of a dictator can ever know.

"That is why I am glad to speak to you tonight about the National War Fund. It is a philanthropic federation with three simple aims: first, to determine the nature and the extent of the war-related needs; second, to see that everybody has a chance to contribute to the funds required, and third, to channel the sums raised for its member agencies wherever American help is currently most needed—enough and on time.

"The National War Fund has the hearty approval and support of all the government agencies concerned with our management of the war. For the National War Fund, by its unity, its economy, its competent management, and its elimination of waste, duplication and delay, is playing a part in our total war effort which all of us in Washington regard as an absolute essential.

"In its unity of purpose, and its federation of agencies without surrender of state and local freedom of method, the National War Fund combines the American genius for organization, the American capacity for economy, and the best of our American tradition for giving freely, promptly, and in proportion to our means and need.

"For these reasons when your local war fund or community chest asks you to give—for our own forces, for our allies, and for the needs at home, I ask all of you to think about it carefully before you give.

"I ask you to remember that the U.S.O. is your share of what we are doing for our own fighting men, and the forces behind the lines. I ask you to consider that War Prisoners Aid does what no government can do. I ask you to think of United Seamen's Service in terms of the people's debt to the men who took our ships across in the darkest hours of the war. And I ask you not to forget that the people of Russia, and China, and all the other United Nations—and especially the unfortunate, hungry men, women and children of all the overrun and enslaved countries—see in your personal and friendly concern the brightest ray of hope and the greatest power for good in the world today—the sovereign voice of the people of the United States.

"I ask you, therefore, to give thoughtfully and generously and proportionately—remembering as you give that a share in the National War Fund is a share in winning the war, and in winning the right of free men to live in a better world."

Lend-Lease Exports Of Food To Increase

Lend-lease exports of food will take a somewhat larger proportion of the nation's food supply this year than the 6% exported last year, Edward R. Stettinius, Jr., Lend-lease Administrator, reported on Sept. 24.

In Associated Press Washington advices, the following was reported:

But he said the 1943 exports still would be a "relatively small proportion" of the U. S. supply, although records for the first seven months showed that 38% of the dry skimmed milk and 33.3% of the canned fish had gone overseas. These were by far the largest percentages for any foods.

The principal meat being shipped under Lend-Lease is pork, exports of which were 13.5% of the supply from January through July, compared with 11.3% in 1942.

Much less cheese is being exported, however. Overseas shipments totaled 23.1% of the supply last year; so far this year, they have been 9.3%.

In an interview at San Francisco on Sept. 22, Mr. Stettinius said that everything possible was being done to expedite aid to Russia and China.

Named Rubber Director

Col. Bradley Dewey has been appointed Rubber Director by Donald M. Nelson, Chairman of the War Production Board. Col. Dewey had been Acting Director since the resignation of William M. Jeffers early in September and for nearly a year prior to that time was Deputy Director of the Office of Rubber Director. Mr. Jeffers resigned to resume the presidency of the Union Pacific Railroad; referred to in our issue of Sept. 16, page 1114.

Revised Plan For United Nations Relief Declared Agreeable By U. S., Britain, Russia And China

The State Department made public on Sept. 23 a revised plan for a United Nations Relief and Rehabilitation Administration to aid victims of war in areas liberated from the enemy.

Secretary of State Hull disclosed that the revised draft agreement, which replaces the original June draft to meet objections of some nations, has been declared satisfactory by the United States, Great Britain, the Soviet Union and China. It is expected that the smaller nations will also agree to sign the document.

The agreement provides that the UNRRA organization shall consist of a Council, with one representative from each member government, to be the policy-making body, and a Central Committee, made up of the representatives of the United States, United Kingdom, Soviet Russia and China. A Director General to be appointed by the Council on the unanimous nomination of the Central Committee, would have full power and authority for carrying out relief operations to aid civilian populations in areas occupied by any of the United Nations.

It is reported that Herbert H. Lehman, former New York Governor and now Director of the Office of Foreign Relief and Rehabilitation (OFRR) may be chosen to direct the new plan.

The draft agreement provides that the purposes and functions of the UNRRA shall be as follows:

(a) To plan, coordinate, administer or arrange for the administration of measures for the relief of victims of war in any area under the control of any of the United Nations through the provision of food, fuel, clothing, shelter and other basic necessities, medical and other essential services; and to facilitate in such areas, so far as necessary to the adequate provision of relief, the production and transportation of these articles and the furnishing of these services. The form of activities of the Administration within the territory of a member government wherein that government exercises administrative authority and the responsibility to be assumed by the member government for carrying out measures planned by the Administration therein shall be determined after consultation with and with the consent of the member government.

(b) To formulate and recommend measures for individual or joint action by any or all of the member governments for the coordination of purchasing, the use of ships and other procurement activities in the period following the cessation of hostilities, with a view to integrating the plans and activities of the Administration with the total movement of supplies, and for the purpose of achieving an equitable distribution of available supplies. The Administration may administer such coordination measures as may be authorized by the member governments concerned.

(c) To study, formulate and recommend for individual or joint action by any or all of the member governments measures with respect to such related matters, arising out of its experience in planning and performing the work of relief and rehabilitation, as may be proposed by any of the member governments. Such proposals shall be studied and recommendations formulated if the proposals are supported by a vote of the Council, and the recommendations shall be referred to any or all of the member governments for individual or joint action if approved by unanimous vote of the central committe and by vote of the Council.

Colombian For'n Minister

Dr. Carlos Lozano y Lozano, former Ambassador to the United States, has been named Foreign Minister of Colombia, filling the vacancy left by the resignation of Gabriel Turbay. Mr. Lozano formerly was Minister of Education.

UAW Head Charges Lack Of Planning In Manpower Program

R. J. Thomas, President of the United Automobile Workers, affiliate of the Congress of Industrial Organizations, declared on Oct. 3 that "the fumbling of our manpower problem and an effort on the part of many to cover up this fumbling with a dictatorial manpower-freeze" have brought "justified discontent" among American workers.

In a radio address, prepared for broadcast over the Columbia Broadcasting System, Mr. Thomas said that "American labor has no objection to a sound program which allocates manpower in accordance with the needs of our war-time industry. We maintain, however, that no rational, sensible manpower program has been put forth."

Mr. Thomas, who spoke from Buffalo, where he went to attend the eighth annual U. A. W.-C. I. O. convention, maintained "we do not have a shortage of labor; we do have a serious lack of adequate planning."

In Associated Press Buffalo advices his further remarks were reported as follows:

Asserting that "millions of workers have been barred from industry because of race or color" and "many millions who could be working in our war plants are not doing so because of inadequate housing, transportation and in-plant feeding facilities," he said:

"Until these matters are corrected, American labor can see no justification whatever for freezing men and women in their jobs."

American labor has demonstrated its "complete and unselfish patriotism," Mr. Thomas declared, "despite the tirades of some members of Congress, who apparently hate labor more than they hate Hitler; despite the continued false attacks on us by a few syndicated columnists."

He asserted that "war production depends largely upon the morale of labor" and added "the freezing of wages, which has been in effect since Sept. 15, 1942, has failed both to stabilize the cost of living and to promote the high labor morale which we must have."

The C. I. O.-U. A. W. has kept its no-strike pledge and will continue to do so, Mr. Thomas said, adding, however, "our determination to maintain continuous production cannot be carried out unless practical avenues are provided for the adjustment of our wartime industrial problems.

"It is a fact that a great many corporations are taking and have taken advantage of labor's no-strike pledge. This has been the greatest source of the few unauthorized strikes which have taken place."

New So. Wales Tenders

The Chase National Bank of the City of New York is inviting tenders for the sale to it of an amount of State of New South Wales, Australia, external 5% sinking fund gold bonds due April 1, 1958, sufficient to exhaust the sum of $224,254.47. Tenders will be accepted at prices not exceeding par and accrued interest and will be opened at 12 o'clock noon on Oct. 7, 1943, at the Corporate Trust Department of the Bank, 11 Broad Street, New York.

Argentine Govt. Calls Foreign Bonds Held In Great Britain

The Argentine Government announced on Sept. 17 that the Finance Ministry had authorized the redemption of Argentina's external obligations held in Great Britain up to the amount of 500,000,000 pesos (about $125,000,000). The decree directed that the Ministry convert this amount of the external debt into internal bonds.

The following was also made known in Associated Press Buenos Aires advices:

In a statement supplementing the decree Finance Minister Jorge Santamarina explained that the operation was designed to prepare Argentina for post-war problems as well as to adjust her present financial situation.

The external obligations would be redeemed with a portion of the blocked sterling that has been accumulating to Argentina's credit in Britain as a result of its export trade during the war, he said.

Finance Minister Santamarina said the amount of blocked sterling already had reached over £42,000,000 and estimated the amount would reach £55,000,000 ($220,000,000) by the end of the year. He pointed out that the operation would be financially profitable for Argentina, as blocked funds carry less interest than external debt.

"It is natural therefore that we should use part of the blocked funds to cancel part of our debt to Britain and transform it into internal obligations in pesos," he said.

Mr. Santamarina emphasized that Argentina did not intend to use all its blocked funds for redemption of her debt, because they will be needed for payment for huge amounts of goods to be imported from Britain after the war.

He said Argentina especially will need capital goods, such as machinery, railway and street-car equipment.

He asserted, however, that further redemption of the external debt is a definite possibility if the blocked funds continue accumulating, and mentioned Argentina's hope of eventually acquiring railroads here now controlled by British capital.

Heads OWI News Bureau

Palmer Hoyt, Director of the Domestic Branch of the Office of War Information, announced on Oct. 1 the appointment of Charles L. Allen as chief of the OWI News Bureau. Mr. Allen, who has been serving as acting chief for the past several weeks, succeeds George H. Lyon, who has taken on new duties as a Deputy Director in the Domestic Branch in charge of military news. Mr. Allen has been the owner and publisher of 5 small newspapers, including the Upham Star (N. D.); the Maxbass Monitor, (N. D.); the Fisher Reporter (Ill.); The Tolono Record (Ill.); and the Pestoum Chief, (Ill.). He has held a variety of newspaper jobs and positions with journalistic associations. For three years Mr. Allen was manager of the New Jersey Press Association and, at the same time, was director of the School of Journalism at Rutgers University. For several years past he has been editor of the National Publisher Magazine, published by the National Editorial Association, and has served this association both as Assistant Manager and as Director of Accounting and Cost Finding. Mr. Allen is now on leave from his position as Assistant Dean and Director of Research of the Medill School of Journalism at Northwestern University.

A. B. A. Creates New Credit Commission; Reorganizes Credit Service Set-Up

The increasing activities of the American Bankers Association on behalf of its members in the various fields of bank credit will be coordinated under a new commission known as the Credit Policy Commission, it was announced Sept. 27 by A. L. M. Wiggins, President of the Association. This is a new commission authorized by the ABA Administrative Committee at its meeting in New York City during the Association's war service conference. The announcement states that membership in the commission is representative of all types of banks and banking, and includes the chairmen of each of the Association's credit committees, such as the Committee on Agricultural Credit, the Committee on Consumer Credit, Committee on Specialty Credits, and the Committee on War Loans and Commercial Credit. It also includes the President of the Robert Morris Associates, and the President of the Bankers Association for Foreign Trade. Hugh H. McGee, Vice President of the Bankers Trust Co., New York, is chairman.

At the same time the Association indicates that it has reorganized its credit service set-up to better adapt it both to the changes occurring under war conditions and those which may be expected in the post-war season. The National War Loans Committee becomes the Committee on War Loans and Commercial Credit, the Consumer Credit Council becomes the Committee on Consumer Credit, and a new committee has been established, the Committee on Specialty Credits, whose interest will be such things as accounts receivable, insurance policy loans, warehouse receipts, etc. Each of these committees will operate in its own field. All recommendations of a policy nature, however, will be referred to the Credit Policy Commission for consideration.

Members of the Credit Policy Commission are:

Hugh H. McGee, Vice-President, Bankers Trust Company, New York, N. Y., Chairman; also Chairman of the Committee on War Loans and Commercial Credit.

Mark A. Brown, Vice-President, Harris Trust & Savings Bank, Chicago, Ill., Vice-Chairman and President of the Reserve City Bankers Association.

Vance J. Alexander, President, Union Planters National Bank and Trust Co., Memphis, Tenn.

David C. Barry, Vice-President, Lincoln-Alliance Bank & Trust Co., Rochester, N. Y., and Chairman of the Committee on Specialty Credits.

Kenton R. Cravens, Vice-President, Mercantile-Commerce Bank & Trust Co., St. Louis, Mo., and Chairman of the Committee on Consumer Credit.

Paul S. Dick, President, The United States National Bank, Portland, Ore.

Joseph A. Erickson, Executive Vice-President, National Shawmut Bank of Boston, Boston, Mass.

Elwyn Evans, President, Wilmington Trust Company, Wilmington, Del.

Hugh L. Harrell, Vice-President, First National Bank & Trust Co., Oklahoma City, Okla.

K. J. McDonald, President, Iowa Trust & Savings Bank, Estherville, Iowa, and Chairman of the Commission on Country Bank Operations.

James S. Rogan, President, American National Bank, Indianapolis, Ind.

Chester A. Rude, Vice-President, Security-First National Bank of Los Angeles, Los Angeles, Calif.

A. C. Simmonds, Jr., Vice-President, Bank of New York, New York, N. Y.

Arnulf Ueland, President, Midland National Bank & Trust Co., Minneapolis, Minn., and President of the Robert Morris Associates.

Wilbert Ward, Vice-President, National City Bank of New York, New York, N. Y., and President of the Bankers Association for Foreign Trade.

Resigns As NYA Head

President Roosevelt accepted on Sept. 7 the resignation of Aubrey Williams as head of the National Youth Administration. The NYA was abolished by Congress in July and ordered to be liquidated by Jan. 1.

Mr. Williams, who headed the organization since 1935, said in his letter of resignation that he believed the NYA achieved the President's expressed aim of doing something "for the nation's unemployed youth."

In reply, the President said that he wanted to thank Mr. Willams for the service he had rendered—"for the great job you have done in the splendid human and democratic enterprise of giving 4,000,000 young people a chance to acquire training and education through work."

The President indicated that Mr. Williams, who has been with the Administration since 1933, would be given another post in the Government service.

Rayon Shipments Higher

Rayon filament yarn shipments by American mills aggregated 42,400,000 pounds during August, as compared with shipments of 40,000,000 pounds in July and 38,200,000 pounds in August 1942, states the "Rayon Organon," published by the Textile Economics Bureau, Inc., New York.

For the eight months ended Aug. 31, 1943, shipments aggregated 325,000,000 pounds as compared with 309,500,000 pounds shipped during the corresponding period of 1942, an increase of 5%.

The Bureau's announcement Sept. 10 further said:

"Stocks of rayon filament yarn held by producers at the end of August 1943 totaled 6,200,000 pounds against 6,400,000 pounds on July 31, 1943, and 7,400,000 pounds held on Aug. 31, 1942.

"Staple fiber shipments by American mills in August totaled 13,800,000 pounds as compared with July shipments of 13,200,000 pounds and shipments of 12,700,000 pounds in August 1942. For the eight months ended August staple fiber shipments aggregated 1,057,000 pounds against 1,011,000 pounds shipped in the corresponding period in 1942.

"Stocks of staple fibre on hand Aug. 31, 1943 amounted to 3,500,000 pounds against 3,200,000 pounds held July 31, 1943 and 3,900,000 pounds held on Aug. 31, 1942."

J. C. Cudahy Dies

John C. Cudahy, former Ambassador to Belgium and Poland and one-time Minister to Ireland, was killed on Sept. 6 when he was thrown from his horse while riding on his estate near Milwaukee. He was 56 years old.

Mr. Cudahy entered the diplomatic service in 1933 when he was named Ambassador to Poland by President Roosevelt. Four years later he was made Minister to Eire and in January, 1940, became Ambassador to Belgium. Mr. Cudahy witnessed the fall of Belgium to the Nazi forces in May, 1940 and stayed at his post in Brussels until August, 1940 when he went to London. He returned to this county and resigned the Belgian post in November, 1940.

Since Frebruary of this year Mr. Cudahy has been Wisconsin director of civilian defense.

Selected Income And Balance Sheet Items Class I Railways For July

The Bureau of Statistics of the Interstate Commerce Commission has issued a statement showing the aggregate totals of selected income and balance sheet items for class I steam railways in the United States for the month of July, 1943 and 1942, and the 7 months ending with July, 1943 and 1942.

These figures are subject to revision and were compiled from 132 reports representing 136 steam railways. The present statement excludes returns for class A switching and terminal companies. The report is as follows:

All Class I Railways

Income Items—	For the Month of July 1943	For the Month of July 1942	For the 7 Months of 1943	For the 7 Months of 1942
Net ry. operat. income	$120,514,332	$133,625,237	$823,522,202	$685,309,062
Other income	16,504,328	14,212,423	94,040,563	88,662,090
Total income	137,118,660	147,837,660	917,562,765	773,971,152
Miscellaneous deductions from income	2,580,624	2,091,236	16,947,852	17,515,749
Income available for fixed charges	134,538,036	145,746,424	900,614,913	756,455,403
Fixed charges:				
Rent for leased roads and equipment	13,846,207	16,300,644	101,965,541	100,793,931
*Interest deductions	35,950,360	36,776,738	253,581,861	258,906,284
Other deductions	119,626	117,426	865,077	823,075
Total fixed charges	49,916,193	53,194,808	356,412,479	360,523,290
Inc. after fixed charges	84,621,843	92,551,616	544,202,434	395,932,113
Contingent charges	2,343,811	2,295,170	16,266,275	16,190,095
†Net income	82,278,032	90,256,446	527,936,159	379,742,018
Depreciation (way and structures and equip.)	25,558,019	20,712,531	184,029,571	137,592,031
Amortization of defense projects	14,925,368	7,408,219	77,869,534	41,039,887
Federal income taxes	142,235,462	87,373,475	811,750,739	366,410,737
Dividend appropriations:				
On common stock	3,723,908	3,778,544	69,530,103	61,272,030
On preferred stock	963,744	780,978	15,563,373	14,083,875
¶Ratio of income to fixed charges	2.70	2.74	2.53	2.10

Selected Asset Items—	All Class I Railways Balance at end of July 1943	All Class I Railways Balance at end of July 1942	Class I Railways Not in Receivership or Trusteeship Balance at end of July 1943	Class I Railways Not in Receivership or Trusteeship Balance at end of July 1942
Investments in stocks, bonds, etc., other than those of affiliated companies	$558,247,680	$490,400,908	$532,006,924	$468,356,163
Cash	1,183,910,515	875,985,428	853,699,524	652,926,519
Temporary cash investments	1,320,558,828	255,666,659	1,025,119,212	239,173,195
Special deposits	167,597,621	140,499,335	121,221,651	98,852,225
Loans and bills receivable	257,371	1,024,888	237,116	973,194
Traffic and car-service balances (Dr.)	36,585,386	41,319,219	29,356,048	35,173,015
Net balance receivable from agents and conductors	170,299,373	119,975,307	135,730,940	99,702,082
Miscellaneous accounts receivable	591,292,199	328,667,723	471,640,229	262,108,349
Materials and supplies	520,339,767	534,913,181	417,399,628	429,235,309
Interest and dividends receivable	17,890,003	17,029,968	16,047,983	16,016,977
Rents receivable	1,041,251	1,114,823	686,891	766,976
Other current assets	51,339,947	11,064,631	37,391,933	9,127,238
Total current assets	4,061,112,261	2,327,261,162	3,108,531,155	1,844,055,079
Selected Liability Items—				
‡Funded debt maturing within six months	**$151,860,245	$106,040,854	**$131,189,984	$76,086,698
§Loans and bills payable	15,628,192	17,352,301	1,600,000	2,206,950
Traffic and car-service balances (Cr.)	152,163,729	90,128,028	105,890,419	64,725,278
Audited accounts and wages payable	390,172,005	304,178,716	316,064,538	244,046,337
Miscellaneous accounts payable	106,650,352	59,646,323	81,644,710	42,002,332
Interest matured unpaid	38,486,979	35,296,892	31,869,054	28,214,557
Dividends matured unpaid	3,304,227	5,599,739	2,962,062	5,247,476
Unmatured interest accrued	62,572,780	68,024,893	58,097,707	59,336,868
Unmatured dividends declared	13,352,422	9,118,497	13,352,422	9,118,497
Unmatured rents accrued	18,722,897	18,129,105	15,543,493	16,103,841
Accrued tax liability	1,511,344,028	690,922,205	1,316,657,447	633,230,362
Other current liabilities	70,705,178	56,110,916	47,235,187	44,417,465
Total current liabilities	2,383,102,789	1,354,507,615	1,990,917,039	1,148,649,963
Analysis of accrued tax liability:				
U. S. Government taxes	1,356,811,397	553,674,300	1,192,205,895	522,601,658
Other than U. S. Government taxes	154,532,631	137,247,905	124,451,552	110,628,704

*Represents accruals, including the amount in default. †For railways not in receivership or trusteeship the net income was as follows: July, 1943, $64,414,312; July, 1942, $70,292,118; for the seven months ended July, 1943, $402,161,483; seven months ended July, 1942, $309,699,999. ‡Includes payments of principal of long-term debt (other than long-term debt in default) which will become due within seven months after close of month of report. ¶For railways in receivership and trusteeship the ratio was as follows: July 1943, 2.41; July, 1942, 2.62; seven months, 1943, 2.43; seven months, 1942, 1.85. §Includes obligations which mature not more than two years after date of issue. **Includes $49,000,000 of Delaware and Hudson Railroad Corporation funded debt which matured on May 1, 1943. The extension of the maturity of this debt is under consideration in a debt adjustment plan.

Moody's Common Stock Yields

Yearly average yields in the years 1929 to 1941 inclusive and monthly average yields for 1941 will be found on page 2218 of the June 11, 1942 issue of the "Chronicle."

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
May, 1942	6.7	7.8	8.2	5.7	4.9	6.9
June, 1942	6.4	7.8	8.4	5.6	4.8	6.6
July, 1942	6.1	7.7	8.2	5.5	4.7	6.4
August, 1942	6.0	7.5	8.0	5.1	4.7	6.3
September, 1942	5.8	7.3	7.9	4.9	4.5	6.1
October, 1942	5.5	7.0	7.2	5.0	4.4	5.8
November, 1942	5.5	8.0	7.1	5.2	4.5	5.9
December, 1942	5.3	8.6	7.2	5.0	4.2	5.7
January, 1943	5.0	7.9	6.8	4.5	4.1	5.4
February, 1943	4.7	7.3	6.3	4.4	4.1	5.1
March, 1943	4.5	6.8	6.2	4.0	3.9	4.8
April, 1943	4.5	6.6	5.8	4.1	3.9	4.8
May, 1943	4.3	6.2	5.5	4.0	3.8	4.6
June, 1943	4.2	6.4	5.4	3.9	3.8	4.5
July, 1943	4.5	6.8	5.5	4.1	3.9	4.7
Aug. 1943	4.4	6.6	5.5	4.0	3.8	4.7
Sept. 1943	4.3	6.5	5.5	4.0	3.7	4.6

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Oct. 12	STOCK EXCHANGE CLOSED								
11	120.50	110.88	119.00	116.61	111.07	98.73	103.13	113.89	116.61
9	120.56	110.88	119.00	116.41	111.25	98.73	103.13	113.89	116.41
8	120.57	110.88	119.00	116.41	111.25	98.73	103.13	113.89	116.41
7	120.65	110.88	119.00	116.41	111.25	98.73	103.13	113.89	116.41
6	120.66	111.07	119.20	116.41	111.07	98.73	103.13	113.89	116.61
5	120.65	111.07	119.20	116.41	111.25	98.73	103.30	113.89	116.41
4	120.62	110.88	119.00	116.22	111.25	98.73	103.13	113.89	116.41
2	120.62	110.88	119.00	116.22	111.25	98.73	103.13	113.89	116.41
1	120.62	110.88	119.00	116.22	111.07	98.73	103.13	113.89	116.22
Sept. 24	120.55	111.07	119.00	116.41	111.25	98.88	103.30	113.89	116.41
17	120.55	111.07	119.20	116.61	111.07	98.73	103.13	113.70	116.61
10	120.56	111.07	119.20	116.61	111.25	98.88	103.13	113.89	116.80
3	120.30	111.25	119.20	116.80	111.62	98.73	103.30	113.89	117.00
Aug. 27	120.34	111.25	119.20	116.80	111.44	98.88	103.13	112.89	117.20
20	120.20	111.25	119.20	116.80	111.44	99.04	103.30	113.89	117.00
13	120.29	111.25	119.20	116.80	111.62	99.04	103.30	113.89	117.20
6	120.19	111.25	119.20	117.00	111.62	99.04	103.13	114.08	117.20
July 30	120.18	111.44	119.41	117.00	111.62	99.04	103.30	114.08	117.20
Jun 25	120.41	110.70	118.80	116.22	111.07	98.09	102.46	113.70	116.61
May 28	119.82	110.34	118.20	115.82	110.88	97.78	102.30	131.31	115.82
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago Oct. 10, 1942	117.36	107.62	117.20	114.08	108.70	92.64	97.47	111.81	114.46
2 Years ago Oct. 11, 1941	119.16	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.02

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Oct. 12	STOCK EXCHANGE CLOSED								
11	1.81	3.12	2.70	2.82	3.11	3.83	3.56	2.96	2.82
9	1.80	3.12	2.70	2.83	3.10	3.83	3.56	2.96	2.83
8	1.80	3.12	2.70	2.83	3.10	3.83	3.56	2.96	2.83
7	1.80	3.12	2.70	2.83	3.10	3.83	3.56	2.96	2.83
6	1.79	3.11	2.69	2.83	3.11	3.83	3.56	2.96	2.82
5	1.80	3.11	2.69	2.83	3.10	3.83	3.55	2.96	2.83
4	1.80	3.12	2.70	2.84	3.10	3.83	3.56	2.96	2.83
2	1.80	3.12	2.70	2.84	3.10	3.83	3.56	2.96	2.83
1	1.80	3.12	2.70	2.84	3.11	3.83	3.56	2.96	2.84
Sept. 24	1.80	3.11	2.70	2.83	3.10	3.82	3.55	2.96	2.83
17	1.80	3.11	2.69	2.82	3.11	3.83	3.56	2.97	2.82
10	1.81	3.11	2.69	2.82	3.10	3.82	3.56	2.96	2.81
3	1.83	3.10	2.69	2.81	3.08	3.83	3.55	2.96	2.80
Aug. 27	1.83	3.10	2.69	2.81	3.09	3.82	3.56	2.96	2.79
20	1.84	3.10	2.69	2.81	3.09	3.81	3.55	2.96	2.80
13	1.83	3.10	2.69	2.81	3.08	3.81	3.55	2.96	2.79
6	1.84	3.10	2.69	2.80	3.08	3.81	3.56	2.95	2.79
July 30	1.84	3.09	2.68	2.80	3.08	3.81	3.55	2.95	2.79
Jun 25	1.82	3.13	2.71	2.84	3.11	3.87	3.60	2.97	2.82
May 28	1.88	3.15	2.74	2.86	3.12	3.89	3.61	2.99	2.86
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago Oct. 10, 1942	2.05	3.30	2.79	2.95	3.24	4.23	3.91	3.07	2.93
2 Years ago Oct. 11, 1941	1.91	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.85

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

National Fertilizer Association Commodity Price Average Advances

The wholesale commodity price index, compiled by The National Fertilizer Association and made public on Oct. 11, advanced to the highest level since April 3, 1943. This index, in the week ended Oct. 9, advanced to 136.1 from 135.8 in the preceding week. A month ago this index stood at 135.5, and a year ago 130.1, based on the 1935-1939 average as 100. The Association's report added:

Rising prices in grains and livestock were responsible for the farm products group reaching a new high level, in spite of the price of cotton declining fractionally. The foods group advanced to its highest level since May 15, 1943, due to higher prices for eggs and potatoes. A decline registered in the textiles group was due to slightly lower prices for cotton and yarn. All other groups in the index remained unchanged.

During the week nine price series included in the index advanced and five declined; in the preceding week there were eight advances and eight declines; and in the second preceding week there were eight advances and six declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Oct. 9, 1943	Preceding Week Oct. 2, 1943	Month Ago Sep. 11, 1943	Year Ago Oct. 10, 1942
25.3	Foods	140.5	140.2	139.0	132.5
	Fats and Oils	146.5	146.5	146.0	142.7
	Cottonseed Oil	162.4	162.4	162.4	156.1
23.0	Farm Products	158.6	157.2	156.7	142.6
	Cotton	194.2	194.7	193.6	179.2
	Grains	154.1	153.9	148.7	115.3
	Livestock	154.4	152.2	153.1	143.5
17.3	Fuels	122.8	122.8	122.8	119.3
10.8	Miscellaneous commodities	131.4	131.4	131.0	126.7
8.2	Textiles	150.3	150.5	150.5	147.6
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.5	152.5	152.5	151.5
1.3	Chemicals and drugs	127.7	127.7	127.7	120.7
.3	Fertilizer materials	117.7	117.7	117.7	118.0
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	136.1	135.8	135.5	130.1

*Indexes on 1926-1928 were: Oct. 9, 1943, 106.0; Oct. 2, 105.8, and Oct. 10, 1942, 101.3.

Factory Workers' Hours And Earnings In July

Total hours worked per week in all manufacturing were about 617,000,000 in July, almost 7,000,000 less than in June, due to the decline of .8 of an hour in the work-week, occasioned by the Independence Day holiday, Secretary of Labor Frances Perkins reported on Sept. 15. In her advices Miss Perkins states:

"Average hourly earnings for both the durable and non-durable groups were higher in July than in June due to the payment of time and a half by firms which did operate on the holiday. However, weekly earnings were a little more than 1% below the June level. Each of the durable goods groups reported a shorter work-week, indicating that observance of the holiday was not confined to plants in any one industry or group but rather cut across industry lines. However, increased employment in the transportation and automobile groups resulted in more total hours being worked per week in July than in June in both these groups."

Secretary Perkins further said:

"The pattern for the non-durable goods closely resembled that for the durable. Average hours per week declined in all groups except tobacco while weekly earnings were lower in all groups except tobacco and petroleum.

"The average hours per week in bituminous coal mining was 37.1, and in anthracite mining 37.7 in July 1943. The work-week in both these industries was about 9 hours longer than in June when strikes prevailed. Average hourly earnings rose considerably in both these industries, indicating that most mines operated on July 5 (when the holiday was celebrated) and paid time and a half for this day."

Dickey Elected Treasurer Of Church Pension Fund

Announcement is made of the election of Charles D. Dickey as Treasurer of the Church Pension Fund of the Protestant Episcopal Church, this action having been taken by the Executive Committee at a recent meeting. The former Treasurer of the Fund was the late J. P. Morgan, who served in that capacity from 1915 until his death on March 13, 1943. The Church Pension Fund, which is the pension system of the Protestant Episcopal Church for the clergy and their families, reported assets at the end of 1942 amounting to $36,271,297, and is paying pension benefits at the rate of approximately $1,400,000 a year.

Mr. Dickey, who is a member of the Vestry of St. Thomas' Church, Whitemarsh, Pa., is a Vice-President and Director of J. P. Morgan & Co., Inc. In addition to being a Director of Church Life Insurance Corporation and the Church Properties Fire Insurance Corporation, both of which are wholly-owned subsidiaries of the Church Pension Fund, he is a Director of a number of industrial corporations, including the General Electric Co., New York Life Insurance Co., the Kennecott Copper Co., and others.

Moody's Daily Commodity Index

Tuesday, Oct. 5	247.4
Wednesday, Oct. 6	247.5
Thursday, Oct. 7	247.6
Friday, Oct. 8	247.8
Saturday, Oct. 9	247.9
Monday, Oct. 11	247.9
Tuesday, Oct. 12	*
Two weeks ago, Sept. 28	247.8
Month ago, Sept. 11	247.2
Year ago, Oct 10	234.9
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

*Holiday.

Daily Average Crude Oil Production For Week Ended Oct. 2, 1943 Fell Off 15,900 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Oct. 2, 1943 was 4,327,500 barrels, a decrease of 15,900 barrels from the preceding week and 224,600 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of September, 1943. The current figure, however, is 643,000 barrels per day more than produced during the week ended Oct. 3, 1942. Daily output for the four weeks ended Oct. 2, 1943 averaged 4,350,400 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,159,000 barrels of crude oil daily and produced 12,414,000 barrels of gasoline; 1,460,000 barrels of kerosine; 4,566,000 barrels of distillate fuel oil, and 8,483,000 barrels of residual fuel oil during the week ended Oct. 2, 1943; and had in storage at the end of that week 70,128,000 barrels of gasoline; 11,600,000 barrels of kerosine; 41,280,000 barrels of distillate fuel, and 66,407,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations September	*State Allowables Begin. Sept. 1	Actual Production Week Ended Oct. 2, 1943	Change from Previous Week	4 Weeks Ended Oct. 2, 1943	Week Ended Oct. 3, 1942
Oklahoma	347,000	358,000	†325,800	+ 550	326,400	365,550
Kansas	300,000	290,000	†272,250	—23,900	288,950	282,700
Nebraska	2,000		†1,750	— 50	1,800	3,350
Panhandle Texas			104,000	----	104,000	85,000
North Texas			140,600	----	140,600	139,000
West Texas			333,500	----	333,250	183,000
East Central Texas			131,200	----	130,800	81,700
East Texas			380,000	----	380,000	293,000
Southwest Texas			263,550	----	263,200	143,500
Coastal Texas			485,300	----	484,700	282,000
Total Texas	1,909,000	‡1,946,153	1,838,150	----	1,836,550	1,207,200
North Louisiana			81,500	----	81,850	98,700
Coastal Louisiana			278,500	----	278,500	227,000
Total Louisiana	375,000	399,000	360,000	----	360,350	325,700
Arkansas	80,100	80,052	76,650	+ 350	76,750	73,750
Mississippi	50,000		49,000	+ 150	48,950	71,100
Illinois	222,800		219,700	+ 4,250	220,000	266,950
Indiana	13,800		14,100	— 300	14,350	17,300
Eastern— (Not incl. Ill., Ind. and Ky.)	86,600		78,000	+ 2,800	75,900	87,200
Kentucky	25,500		22,650	— 2,000	24,300	11,700
Michigan	60,100		56,400	----	57,650	62,400
Wyoming	98,800		101,800	— 1,150	102,000	94,150
Montana	23,300		21,400	— 350	21,450	21,600
Colorado	6,500		7,000	— 50	7,150	6,850
New Mexico	116,600	116,600	109,350	----	108,300	96,500
Total East of Calif.	3,717,100		3,554,000	—19,700	3,570,850	2,994,000
California	835,000	§835,000	773,500	+ 3,800	779,500	690,500
Total United States	4,552,100		4,327,500	—15,900	4,350,400	3,684,500

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in June, 1943, as follows: Oklahoma, 27,000; Kansas, 4,900; Texas, 106,400; Louisiana, 19,300; Arkansas, 4,000; Illinois, 11,500; Eastern (not including Illinois, Indiana or Kentucky), 6,000; Kentucky, 2,200; Michigan, 100; Wyoming, 2,000; Montana, 300; New Mexico, 5,400; California, 46,000.

†Oklahoma, Kansas, Nebraska figures are for week ended Sept. 30, 1943.

‡This is the net basic allowable as of Sept. 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 7 days, the entire state was ordered shut down for 9 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 9 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED OCT. 2, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

	Daily Refining Capacity		Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis					
District—	Potential Rate	% Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	2,092	85.6	5,974	30,555	19,481	17,983
Appalachian— District No. 1	130	83.9	94	72.3	286	1,492	827	277
District No. 2	47	87.2	57	121.3	162	797	71	173
Ind., Ill., Ky.	824	85.2	717	87.0	2,552	13,786	5,992	3,409
Okla., Kans., Mo.	416	80.1	355	85.3	1,286	6,291	2,264	1,562
Rocky Mountain— District No. 3	8	26.9	8	100.0	23	61	24	29
District No. 4	139	57.7	96	69.1	321	1,151	422	719
California	817	89.9	740	90.6	1,810	15,995	12,199	42,255
Tot. U. S. B. of M. basis Oct. 2, 1943	4,825	86.4	4,159	86.2	12,414	†70,128	41,280	66,407
Tot. U. S. B. of M. basis Sept. 25, 1943	4,825	86.4	4,156	86.1	12,206	70,024	40,328	¶66,659
U. S. Bur. of Mines basis Oct. 3, 1942			3,902		11,558	78,080	45,727	79,303

*At the request of the Petroleum Administration for War. †Finished, 60,328,000 barrels; unfinished, 9,800,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,460,000 barrels of kerosine, 4,566,000 barrels of gas oil and distillate fuel oil and 8,483,000 barrels of residual fuel oil produced during the week ended Oct. 2, 1943, which compares with 1,437,000 barrels, 4,608,000 barrels and 8,560,000 barrels, respectively, in the preceding week and 1,284,000 barrels, 4,226,000 barrels and 7,081,000 barrels, respectively, in the week ended Oct. 3, 1942. ¶On new basis due to transfer of 986,000 barrels to stocks of refinable crude oil in California.

Note—Stocks of kerosine amounted to 11,600,000 barrels at Oct. 2, 1943, against 11,666,000 barrels a week earlier and 12,381,000 barrels a year before.

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of Interior, in its latest report, states that the total production of soft coal in the week ended Oct. 2, 1943, is estimated at 12,080,000 net tons, compared with 12,100,000 tons in the preceding week and 11,604,000 tons in the corresponding period of last year. Total estimated output of soft coal to date exceeded that for the same period in 1942 by 1.9%.

The U. S. Bureau of Mines estimated that the total production of Pennsylvania anthracite for the week ended Oct. 2, 1943 was 1,283,000 tons, a decrease of 16,000 tons (1.2%) from the preceding week. When compared with the output in the corresponding week of 1942 there was, however, an increase of 48,000 tons (3.9%). The calendar year 1943 to date shows an increase of 0.2% when compared with the same period of 1942.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Oct. 2, 1943, showed an increase of 500 tons when compared with the output for the week ended Sept. 25, 1943. The quantity of coke from beehive ovens decreased 6,700 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

(In Net Tons—000 Omitted.)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	Oct. 2, 1943	†Sep. 25, 1943	Oct. 3, 1942	‡Oct. 2, 1943	Oct. 3, 1942	Oct. 2, 1937
Total, incl. mine fuel	12,080	12,400	11,604	444,610	436,395	332,817
Daily average	2,013	2,017	1,934	1,902	1,885	1,438
*Crude petroleum— Coal equi. of weekly output	6,932	6,959	5,902	253,162	239,104	219,285

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, Review of 1940, page 775). †Revised. ‡Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Cal. Year to Date		
Penn. anthracite—	§Oct. 2, 1943	¶Sep. 25, 1943	Oct. 3, 1942	Oct. 2, 1943	Oct. 3, 1942	Oct. 5, 1929
*Total incl. coll. fuel	1,283,000	1,299,000	1,235,000	46,306,000	46,233,000	54,116,000
†Commercial production	1,232,000	1,247,000	1,186,000	44,453,000	44,384,000	50,220,000
By-product coke— United States total	1,251,400	1,250,900	1,210,200	47,846,500	46,858,700	‡
Beehive coke— United States total	164,500	171,200	173,400	5,974,300	6,267,700	5,247,600

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Sept.
State—	Sep. 25, 1943	Sep. 18, 1943	Sep. 26, 1942	Sep. 27, 1941	Sep. 25, 1937	average, ¶1923
Alabama	375	382	363	341	358	406
Alaska	5	5	5	5	3	**
Arkansas and Oklahoma	88	92	91	91	78	96
Colorado	153	161	166	165	142	214
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,532	1,525	1,288	1,046	1,122	1,587
Indiana	574	565	501	477	390	550
Iowa	39	42	46	65	80	117
Kansas and Missouri	142	147	167	142	134	168
Kentucky—Eastern	957	959	957	1,003	882	713
Kentucky—Western	295	305	273	204	172	248
Maryland	35	36	34	35	33	40
Michigan	5	4	9	7	15	27
Montana (bituminous and lignite)	99	97	82	73	60	68
New Mexico	37	36	37	21	33	56
North and South Dakota (lignite)	51	45	69	54	55	**27
Ohio	695	693	666	708	546	861
Pennsylvania (bituminous)	2,876	2,917	2,749	2,873	2,324	3,585
Tennessee	133	129	146	155	114	119
Texas (bituminous and lignite)	4	4	8	6	20	26
Utah	126	112	118	111	79	103
Virginia	397	415	408	411	317	245
Washington	31	25	39	44	34	58
*West Virginia—Southern	2,236	2,210	2,238	2,337	1,997	1,474
†West Virginia—Northern	1,030	956	935	882	605	857
Wyoming	183	186	180	160	127	165
‡Other Western States	1	1	1	††	††	**4
Total bituminous and lignite	12,100	12,050	11,577	11,417	9,620	11,814
§Pennsylvania anthracite	1,299	1,263	1,284	1,194	924	714
Total all coal	13,399	13,313	12,861	12,611	10,544	12,528

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Legality Of Allied Military Currency Questioned By Senators Clark And Lodge

The legality of the issuance of the Allied military money in North Africa, Sicily and Italy was brought into question on Oct. 7 by Senator Clark (Democrat) of Missouri, who characterized it as additional appropriations for the Army without any action by Congress. Associated Press accounts from Washington Oct. 7 reporting this also stated that Senator Lodge (Republican) of Massachusetts, one of five members who made an inspection tour of war zones, warned about the currency in a Senate speech earlier in the week. From the same advices we quote:

"Senator Clark said that the currency bears no promise of repayment. He added that it appeared that the Army was using the cash to buy supplies and that natives were accepting it readily.

"Secretary of the Treasury Morgenthau is reported to have told Senators that discussions were progressing on the establishment of an international bank with $10,000,000,000 capital, of which the United States would furnish $3,500,000,000 and Great Britain $1,000,000,000 and other countries proportionate amounts.

"Senators appeared much more interested, however, in the issuance of what one of them described privately as shin plasters by the Allied governments to pay for supplies purchased in liberated countries. American troops also were said to have been paid with the currency in some areas, with the privilege of exchanging it for United States money.

"Mr. Morgenthau was quoted as saying that neither the United States nor Britain committed itself to any obligation to pay on the notes, but Senators immediately raised the point of the moral obligations.

"Senator Lodge brought back one of the notes. They bear the denomination, such as "500 lire" and the designation "Allied military currency." On the reverse side is a summarization of the four freedoms.

An analysis by Dr. Walter E. Spahr of the Treasury explanations of the issuance and use of Allied military currencies was referred to in our Oct. 7 issue, page 1405; other reference to the "currencies" were given in these columns Aug. 5, page 516; Aug. 12, pages 603 and 604, and Aug. 19, page 711.

President Hails V-Fleet

In a statement incident to the observance of Victory Fleet Day, Sept. 27, President Roosevelt on Sept. 25 appealed to Americans to buy an extra war bond, in this way becoming "a builder of ships." His statement follows:

"Two years ago on Victory Fleet Day, Sept. 27, 1941, the Patrick Henry, the first Liberty ship, was launched. On that occasion I said, 'We must build more cargo ships and still more cargo ships, and we must speed the program . . . as one of the answers to the aggressors who would strike at our liberty.'

"A few weeks later those aggressors did strike. They challenged every man and woman in America to action. Our ship builders and shipyard workers, shoulder to shoulder with our fighting forces, accepted that challenge. They have accomplished wonders. They will continue to do so. Most appropriately the entire nation will honor them next Monday by observance of Victory Fleet Day.

"The report made yesterday by Admiral Land, Chairman of the Maritime Commission, gives the details of the world's most outstanding accomplishment in shipbuilding. Nothing in maritime history even approaches that achievement.

"Our enemies know how empty and false were their boasts that we were a people grown soft and indolent. More than 2,100 ships built in two years were not produced by weaklings or laggards—nor by enslaved people under a tyrant's lash—but by free men and women who are determined to stay free.

"Every American can become a builder of ships by purchasing an extra war bond on Victory Fleet Day. That would be a tribute to the men and women in our shipyards, and inspire them to greater efforts."

Hails Mexico Independence

President Roosevelt sent President Manuel Avila Camacho of Mexico a congratulatory message on Sept. 16 on the occasion of Mexican Independence Day.

The message said:

"It is with particular pleasure that I extend to Your Excellency and to the Mexican people my heartiest congratulations on this anniversary of Mexican independence which finds Mexico and the United States firmly allied in a common and triumphant struggle to preserve the heritage of liberty and democracy left us by those whose deeds we celebrate on our national holidays."

Secretary of State Hull also sent a message of felicitations to Ezequiel Padilla, the Mexican Foreign Minister.

At a celebration in New York City, Secretary of the Interior Ickes praised the relations existing between the two republics and hailed Mexico's contribution to the United Nations cause.

September Engineering Construction 31% Above Month Ago

Civil engineering construction in continental United States totals $264,285,000 for September and averages $52,857,000 for each of the five weeks of the month. This average volume, not including construction by military engineers abroad, American contracts outside the country, and shipbuilding, tops the August weekly average by 31%, but is 70% below the average for the four weeks of September, 1942, as reported by **Engineering News-Record** on Oct. 7, which added:

On the weekly average basis, private work exceeds last month by 32% and public construction is 31% higher due to the 30% gain in State and municipal work and the 31% climb in Federal volume. Comparisons with the 1942 month show private construction 3% lower, and public construction down 74%. State and municipal work and Federal construction are 29 and 76% lower, respectively, and are responsible for the decline in public volume.

Civil engineering construction volumes for the 1942 month, the preceding month and the current month are:

	Sept., 1942 (4 weeks)	Aug., 1943 (4 weeks)	Sept., 1943 (5 weeks)
Continental U. S. construction	$712,709,000	$161,548,000	$264,285,000
Private construction	38,223,000	28,094,000	46,308,000
Public construction	674,486,000	133,454,000	217,977,000
State and municipal	28,106,000	15,351,000	24,902,000
Federal	646,380,000	118,103,000	193,075,000

The September volume brings the 1943 construction total to $2,488,373,000 for the nine months, 67% below the $7,632,606,000 reported for the corresponding 1942 period. Private construction, $329,590,000, is 30% lower, and public construction, $2,158,783,000, is down 70%. State and municipal volume, $163,814,000, and Federal construction, $1,994,969,000, are 63 and 70% lower, respectively, than in the first three-quarters of 1942.

New Capital

New capital for construction purposes totals $110,481,000 for September, and compares with $11,957,000 reported for the month last year. The current month's volume is made up of $100,000,000 in Federal funds for Federal construction; $5,530,000 in Federal funds for non-Federal construction, and $4,951,000 in private investment.

New construction financing totals $3,037,207,000 for the year to date, a volume that compares with $9,530,701,000 for the nine-month period a year ago. Of the current year's total, $2,753,838,000 is in Federal appropriations, $165,663,000 is in Federal funds for non-Federal work, and $117,706,000 is in private investment.

Civil Engineering Construction $37,784,000 For Week

Civil engineering construction volume in continental U. S. totals $37,784,000 for the week. This volume, not including construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 26% below a week ago and 73% lower than in the corresponding 1942 week as reported by **Engineering News-Record** on Oct. 7, which went on to say:

Private construction for the week declines 68% from a week ago and 51% from the 1942 week. Public work is 4% below the preceding week and 75% under a year ago, as both State and municipal volume and Federal construction report decreases.

The current week's construction brings 1943 volume to $2,526,157,000, an average of $63,154,000 for each of the 40 weeks of the period. On the weekly average basis, 1943 construction is 68% below the $7,975,782,000 for the 41-week 1942 period. Private construction, $335,030,000, is 31% lower than last year and public construction, $2,191,127,000, is down 70% when adjusted for the difference in the number of weeks.

Civil engineering construction volumes for the 1942 week, last week, and the current week are:

	Oct. 8, 1942	Sept. 30, 1943	Oct. 7, 1943
Total U. S. construction	$139,855,000	$50,722,000	$37,784,000
Private construction	11,059,000	17,146,000	5,440,000
Public construction	128,796,000	33,576,000	32,344,000
State and municipal	8,745,000	3,915,000	3,203,000
Federal	120,051,000	29,661,000	29,141,000

In the classified construction groups, gains over last week are in bridges, industrial buildings, earthwork and drainage, and unclassified construction. Bridge construction is the only class of work to gain over a year ago. Subtotals for the week in each class of construction are: water works, $374,000; sewerage, $708,000; bridges, $743,000; industrial buildings, $1,012,000; commercial building and large-scale private housing, $4,103,000; public buildings, $16,909,000; earthwork and drainage, $1,599,000; streets and roads, $2,165,000, and unclassified construction, $10,171,000.

New capital for construction purposes for the week totals $770,000, and is made up of $755,000 in State and municipal bond sales and $15,000 in RFC loans for public improvements. New construction financing for the 40 weeks of 1943, $3,037,977,000, is 67% below the $9,533,078,000 reported for the 41-week period a year ago.

Federal Reserve Survey Of Bank Deposit Ownership Shows Businesses Holding 70%

Estimates compiled by the Board of Governors of the Federal Reserve System from the results of the second Federal Reserve survey of deposit ownership, indicate that deposits belonging to businesses, incorporated and unincorporated, amounted to $39,000,000,000 on July 31, 1943, while demand deposits of individuals totaled about $14,000,000,000. The Board points out, in its announcement Sept. 29 that "business deposits thus account for nearly 70% of all demand deposits, other than Government and interbank deposits, while individuals hold 25% of the total." The Board adds:

"These estimates indicate a larger amount of business deposits and a smaller volume of deposits belonging to individuals than had previously been estimated from the limited data available. Manufacturing and mining concerns as a group account for over $18,000,000,000 of demand deposits; retail and wholesale trade for nearly $7,500,000,000, and all financial businesses for $6,000,000,000." The estimated ownership for all groups is shown in the following table:

ESTIMATED OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS AND BUSINESSES, AT ALL BANKS, JULY 31, 1943

	Amount (Billions of dollars)	Percentage of total
Total domestic business	38.7	69.6
Non-financial business—total	32.7	58.9
Manufacturing and mining—total	18.4	33.1
Metals and products	10.1	18.2
All other	8.3	14.9
Public utilities and transportation	3.4	6.1
Retail and wholesale trade	7.4	13.4
All other non-financial business	3.5	6.3
Financial business—total	6.0	10.7
Insurance companies	1.8	3.2
Trust funds of banks	1.3	2.4
All other financial business	2.9	5.1
Personal, including farmers	14.3	25.7
Non-profit associations, etc.	1.4	2.5
Foreign businesses and individuals	1.2	2.2
Total demand deposits of individuals, partnerships and corporations	55.6	100.0

The Reserve Board's announcement further explained:

"Over the four months ending July 31 demand deposits increased by $2,500,000,000, and comparison of estimates derived from the present survey with those obtained in March indicates that the bulk of the increase was again centered in business deposits, following the pattern of the preceding 15 months covered by the March survey. The total amount of deposits held in large accounts of individuals has continued to decrease gradually, while most of the dollar increase in business deposits has again been in large accounts, although smaller-sized balances have also shown large percentage increases.

"The July survey also throws light on the ownership of deposits in accounts of different sizes. Twenty-six billion dollars of deposits were in accounts of over $100,000 each, of which nearly a third belonged to metal manufacturing and mining concerns, 20% to other manufacturing and mining businesses, 15% to financial businesses of all sorts, and less than 5% to individuals. Personal accounts, on the other hand, accounted for around two-thirds of all deposits in accounts of $10,000 or less, while deposits of wholesale and retail trade concerns were spread fairly evenly as between large and small accounts. Data were also obtained showing the ownership of deposits in larger and smaller banks. Large business accounts were found to dominate the deposit structure of large city institutions, while personal accounts made up half of all deposits at banks having less than $5,000,000 of deposits of individuals and businesses. Substantial differences were found in size and location of accounts held by concerns in different lines of business.

"Nearly 1,650 banks cooperated in the present survey of deposit ownership. These banks held demand deposits of individuals and businesses totaling over $35,000,000,000, or about 64% of the $56,000,000,000 of such deposits at all banks in the United States on July 31. The reporting banks included nearly all very large banks in the United States, a majority of other large banks in the country, and a wide sample of small banks. These institutions were widely diversified as to type of business and geographical location. In their reports, the banks clasisfied only their larger deposits by type of holder, but the size-limits were so selected that most banks reported the ownership of more than two-thirds of all their demand deposits of individuals and businesses. On the basis of the information obtained, reasonably accurate estimates could be made of the distribution of total demand deposits at all commercial banks in the counrty.

"Further details regarding the results of the survey and an analysis of the findings will be contained in the October issue of the 'Federal Reserve Bulletin'."

Steel Production To Shatter All Records—More Plates On Fourth Quarter Schedules

"Since Pearl Harbor around 163,000,000 net tons of steel ingots has poured out of America's steel mills," "The Iron Age" states in its issue of today (Oct. 14), further going on to say: "This week the roaring mills are producing a 'blitz' of close to 1,800,000 tons, an all-time-high mark, achieved despite half a dozen sporadic strikes.

"Unceasing, too, is the demand for steel. Order books steadily have been growing more extended for principal products, and holes created by cancellations quickly are filled in. Bar mill schedules are solid into second quarter of next year on some items, certain mills can accept no more sheet tonnage until next June, cold-finished bars practically are sold out on an industry-wide basis untile next March, plate mills have more business than they can handle, and so on.

"WPB has allocated about 248,000 tons of steel, exclusive of castings, for construction of 15,983 new freight cars during the first nine months of next year. An interesting feature of this allotment is the return to wider use of steel construction WPB originally allotted material for 10,122 cars in fourth quarter but construction lags will make deliveries impossible until first quarter.

"The much abused and little understood subject of civilian requirements has been undergoing a subtle but major alteration in its position in recent months. The prospects for increased production of truly civilian items do not seem any brighter now than a year ago. But now the obstacle is labor requirements and components, while a year ago the bottleneck was material.

"Therefore, while it may be true that there may be a realization in war requirements of certain basic materials, it does not necessarily follow that there will be a widespread resumption of civilian goods manufacture.

"Improvement was apparent last week in the disposition of excess steel ingots. Although good balance is difficult to maintain for any length of time, only a few thousand tons was without a user at the week's end. In first quarter, shipments to Lend-Lease will be cut back. One Eastern company is reported supplying close to 25,000 tons of slabs per month to outside users.

"Additional steel making areas are beginning to experience shortages of steel scrap, largely because of the lack of manpower in scrap yards. There is no shortage of electric furnace grades, but the premium grade low phos material cannot be used by open hearths under existing regulations."

The American Iron and Steel Institute on Oct. 11 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 102.2% of capacity for the week beginning Oct. 11, or at the highest rate to be recorded in its history, and compares with 100.8% one week ago, 99.6% one month ago and 100.2% one year ago. The operating rate for the week beginning Oct. 11 is equivalent to 1,781,300 tons of steel ingots and castings, compared to 1,756,900 tons one week ago, 1,736,000 tons one month ago and 1,714,100 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on October 11, stated in part as follows:

"Increasing number of fourth quarter directives in plates and sheets is being reported as excess demands are being fitted into mill schedules. CMP steel officials have been asked for 150,000 tons of steel plates additional for fourth quarter and have allocated this equitably among producers.

"This tonnage is in addition to the 110% allowable under the Controlled Materials Plan. Requests for first quarter steel must reach CMP officials by October 20 to 25 and allocations will be made about November 15, two weeks later than the usual time.

"Absorption of the added plate tonnage is being accomplished through cutbacks and actual cancellations. In the case of sheet directives the recent cut of 10% in tin plate tonnage will be of assistance. Plate production is expected to increase from some additions in productive capacity and further diversion of strip mill capacity to plates.

"Stringency is expected to ease after the turn of the year as most of the plate expansion program is put in operation. While opinions vary as to the extent of the program it should add at least 130,000 tons monthly to capacity and perhaps as much as 150,000 tons. It is possible requirements will have been stepped up sufficiently to absorb all the increase, leaving the pressure as heavy as before. Such added requirements are not now apparent and there is possibility of a cutback, a curtailment in the escort ship program for first quarter being in prospect.

"Efforts of the Great Lakes ore fleet to reduce the losses suffered by the late season opening resulted in the deficit being whittled from 8,234,061 gross tons September 1 to 7,339,158 tons October 1. Although September movement failed to equal that of July and August it exceeded the September, 1942, total by 894,902 tons or 7.55%. September total shipments were 12,742,821 tons, against 11,847,919 tons in the corresponding month last year. Aggregate tonnage moved to October 1 this year is 65,102,295 tons, compared with 72,441,453 tons at the same date last year.

"Structural mills are producing plain material at about 70% of capacity, output being largely for shipbuilding. Some important building projects are pending, which will add to required tonnage for war construction. Demand is expanding in the latter direction and more shapes are required for heavy mobile equipment, additional gasoline expansion and tank landing ships. Reinforcing bar production is being held to a minimum of about 40,000 tons per month to conserve steel for other purposes. Billet bars are mainly rolled from off-heat material, not all of which is so utilized, some being remelted.

"Following more liberal releases by WPB to meet transportation needs freight car buying is on the increase, though cars now being released are mainly for construction next year. September placements were 5,388 cars, second largest month this year. For nine months orders have totaled 23,380 units against 25,893 for the same period last year. Obtaining of plates and bars for car building is difficult."

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on Oct. 8 that as of the close of business Sept. 30, there were 1,108 bond issues, aggregating $80,655,889,046 par value listed on the Stock Exchange with a total market value of $80,149,558,292. This compares with 1,112 bond issues, aggregating $80,728,511,088 par value, listed on the Exchange on Aug. 31 with a total market value of $80,109,269,964.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

Group—	Sept. 30, 1943 Market Value $	Sept. 30, 1943 Average Price $	Aug. 31, 1943 Market Value $	Aug. 31, 1943 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	63,735,866,954	104.23	63,687,538,184	104.15
U. S. companies:				
Automobile	10,721,825	101.60	10,775,620	102.11
Building	13,400,250	101.52	10,387,500	101.84
Business and office equipment	15,825,000	105,50	15,787,500	105.25
Chemical	42,029,325	105.12	42,128,230	105.37
Electrical equipment	36,443,750	104.13	36,400,000	104.00
Financial	56,834,076	103.22	56,777,879	103.12
Food	267,635,102	105.57	268,885,683	105.26
Land and realty	10,808,020	80.44	10,736,798	79.91
Machinery and metals	37,156,238	100.83	37,558,248	101.92
Mining (excluding iron)	91,508,522	63.01	90,379,934	62.19
Paper and publishing	40,163,493	102.82	40,337,521	102.07
Petroleum	599,372,806	104.20	603,055,460	104.70
Railroad	7,402,834,048	74.06	7,340,223,335	73.37
Retail merchandising	12,231,897	88,58	12,229,630	88.54
Rubber	75,779,140	104.28	76,318,330	105.02
Ship building and operating	11,859,180	103.38	11,844,840	103.25
Shipping services	21,844,915	81.11	21,447,048	79.63
Steel, iron and coke	488,110,909	101.79	495,078,348	102.13
Textiles	37,830,069	104.40	37,887,995	104.40
Tobacco	161,269,820	106.01	161,995,340	106.48
Utilities:				
Gas and electric (operating)	3,336,139,929	108.42	3,350,743,410	108.82
Gas and electric (holding)	59,600,000	106.43	94,416,875	104.73
Communications	1,231,391,842	110.61	1,236,001,275	110.83
Miscellaneous utilities	97,101,674	66.82	94,838,825	65.26
U. S. companies oper. abroad	139,199,658	77.41	139,154,157	77.38
Miscellaneous businesses	31,356,139	106.19	31,520,648	106.12
Total U. S. companies	14,328,447,627	86.20	14,326,910,429	85.92
Foreign government	1,339,166,001	65.18	1,325,667,843	64.46
Foreign companies	746,077,710	90.04	769,153,508	90.74
All listed bonds	80,149,558,292	99.37	80,109,269,964	99.23

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1941—	Market Value $	Average Price $	1942—	Market Value $	Average Price $
Aug. 30	53,216,867,646	94.86	Sept. 30	62,765,776,218	96.18
Sept. 30	53,418,055,935	94.74	Oct. 31	64,843,877,284	96.48
Oct. 31	55,106,635,894	95.25	Nov. 30	64,543,971,299	96.11
Nov. 29	54,812,793,945	94.80	Dec. 31	70,583,644,622	96.70
Dec. 31	55,033,616,312	94.50	1943—		
1942—			Jan. 30	71,038,674,932	97.47
Jan. 31	56,261,398,371	95.24	Feb. 27	71,346,452,852	97.79
Feb. 28	57,584,410,504	95.13	Mar. 31	71,575,183,604	98.24
Mar. 31	58,140,382,211	95.97	Apr. 30	71,857,596,488	98.69
Apr. 30	57,923,553,616	95.63	May 29	81,048,543,830	99.47
May 29	59,257,509,674	95.64	June 30	80,704,321,646	99.64
June 30	59,112,072,945	95.50	July 31	80,352,221,151	99.35
July 31	61,277,620,583	95.76	Aug. 31	80,109,269,964	99.23
Aug. 31	62,720,371,752	96.08	Sept. 30	80,149,558,292	99.37

Cotton Ginned from Crop of 1943 Prior to Oct. 1

The census report issued on Oct. 8, compiled from the individual returns of the ginners is shown below:

Number of bales of cotton ginned from the growth of 1943 prior to Oct. 1, 1943, and comparative statistics to the corresponding date in 1942 and 1941.

RUNNING BALES
(Counting round as half bales and excluding linters)

State—	1943	1942	1941
United States	*5,757,020	*5,006,307	*4,713,059
Alabama	603,293	443,166	484,514
Arizona	17,453	13,434	35,610
Arkansas	561,122	493,188	729,326
California	2,731	2,295	5,337
Florida	12,047	12,115	12,710
Georgia	510,263	487,075	405,042
Louisiana	493,879	352,874	208,142
Mississippi	1,083,655	896,732	864,539
Missouri	114,471	157,530	267,295
New Mexico	14,782	7,716	2,780
North Carolina	217,710	238,031	218,964
Oklahoma	98,493	126,748	140,090
South Carolina	361,565	349,119	210,323
Tennessee	182,891	187,316	303,504
Texas	1,472,120	1,227,433	809,168
All other States	10,545	11,535	15,715

*Includes 107,053 bales of the crop of 1943 ginned prior to Aug. 1 which was counted in the supply for the season of 1942-43, compared with 48,625 and 1,969 bales of the crops of 1942 and 1941.

The statistics in this report include no round bales for 1943; none for 1942 and 314 for 1941. Included in the above are 6,708 bales of American-Egyptian for 1943, 4,369 for 1942 and 5,458 for 1941; also 37 bales Sea-Island for 1943; 244 for 1942 and 1,006 for 1941.

The statistics for 1943 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail. The revised total of cotton ginned this season prior to Sept. 16 is 3,738,823 bales.

Consumption and Stocks — United States

Cotton consumed during the month of August, 1943, amounted to 842,260 bales. Cotton on hand in consuming establishments on Aug. 31, was 1,928,808 bales, and in public storages and at compresses 8,026,906 bales. The number of active consuming cotton spindles for the month was 22,632,776.

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

World Statistics

Because of war conditions and the difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

Market Value Of Stocks On New York Stock Exchange Higher On Sept. 30

The New York Stock Exchange announced on Oct. 6 that as of the close of business Sept. 30, there were 1,238 stock issues, aggregating 1,484,144,819 shares listed on the Stock Exchange, with a total market value of $48,711,451,018. This compares with 1,237 stock issues, aggregating 1,489,131,930 shares, with a total market value of $47,710,472,858 on Aug. 31 and with 1,243 stock issues, aggregating 1,471,467,074 shares, with a total market value of $35,604,809,453 on Sept. 30, 1942.

In making public the figures for Sept. 30, the Exchange also said:

"As of the close of business Sept. 30, New York Stock Exchange member total net borrowings amounted to $941,651,950 of which $501,406,030 represented loans which were not collateralized by U. S. Government issues. The ratio of the latter borrowings to the market value of all listed stocks, on that date, was, therefore, 1.03%. As the loans not collateralized by U. S. Government issues include all other types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value."

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

	Sept. 30, 1943 Market Value $	Sept. 30, 1943 Av. Price $	Aug. 31, 1943 Market Value $	Aug. 31, 1943 Av. Price $
Amusement	505,337,552	23.21	501,140,612	22.91
Automobile	4,003,274,805	32.62	3,875,667,009	31.94
Aviation	628,587,817	18.34	637,371,447	18.60
Building	572,332,902	27.68	551,642,666	26.70
Business and Office Equipment	407,385,110	34.54	394,227,035	33.42
Chemical	6,091,906,265	64.31	5,950,662,209	62.82
Electrical Equipment	1,678,587,852	41.04	1,599,577,613	39.11
Farm Machinery	775,596,074	59.21	759,548,267	57.99
Financial	969,333,693	19.41	956,129,408	19.14
Food	3,107,359,144	37.18	3,122,942,647	33.45
Garment	45,759,992	27.36	44,331,505	26.51
Land & Realty	29,639,948	6.09	29,348,889	6.03
Leather	231,845,255	27.52	234,589,523	27.85
Machinery & Metals	1,659,263,906	24.09	1,599,535,229	23.36
Mining (excluding iron)	1,391,410,652	23.64	1,371,901,219	23,31
Paper & Publishing	484,917,224	21.19	462,672,165	20.22
Petroleum	6,266,060,550	31.11	6,185,927,710	30.72
Railroad	3,678,865,734	32.58	3,594,569,771	31.95
Retail Merchandising	2,651,127,714	36.40	2,596,504,415	35.65
Rubber	571,273,144	54.02	562,062,580	53.09
Ship Building & Operating	99,034,338	17.95	100,277,256	18.18
Shipping Services	14,797,153	8.58	14,020,726	8.13
Steel, Iron & Coke	2,174,222,497	42,98	2,145,080,753	42.40
Textiles	492,896,271	34.67	484,045,218	34.04
Tobacco	1,250,003,275	46.59	1,227,606,510	45.71
Utilities:				
Gas & Electric (Operating)	2,249,013,140	21.82	2,112,113,206	21.03
Gas & Electric (Holding)	1,110,957,722	11.60	1,067,108,131	11.14
Communications	3,628,929,435	86.68	3,611,327,570	86.30
Miscellaneous Utilities	106,785,063	14.48	104,992,568	14.24
U. S. Cos. Operating Abroad	768,612,202	22.60	751,577,432	22.10
Foreign Companies	921,178,199	22,76	920,354,952	22.74
Miscellaneous Businesses	145,156,390	24.73	141,616,617	24.13
All Listed Stocks	48,711,451,018	32.82	47,710,472,858	32.04

We give below a two-year compilation of the total market value and the average price of stocks listed on the Exchange:

1941—	Market Value $	Average Price $	1942—	Market Value $	Average Price $
Aug. 30	41,472,032,904	28.32	Sept. 30	35,604,809,453	24.20
Sept. 30	40,984,419,434	28.02	Oct. 31	37,727,599,526	25.65
Oct. 31	39,057,023,174	26.66	Nov. 30	37,374,462,460	25.41
Nov. 29	37,882,316,239	25.87	Dec. 31	38,811,728,666	26.39
Dec. 31	35,785,946,533	24.46	1943—		
1942—			Jan. 30	41,410,585,043	28.16
Jan. 31	36,228,397,999	24.70	Feb. 27	43,533,661,753	29.61
Feb. 28	35,234,173,432	24.02	Mar. 31	45,845,738,377	31.20
Mar. 31	32,844,183,750	22.36	Apr. 30	46,192,361,639	31.45
Apr. 30	31,449,206,904	21.41	May 29	48,437,700,647	32.96
May 29	32,913,725,225	22.40	June 30	48,878,520,886	33.27
June 30	33,419,047,743	22.73	July 31	47,577,989,240	32.17
July 31	34,443,805,860	23.42	Aug. 31	47,710,472,858	32.04
Aug. 31	34,871,607,323	23.70	Sept. 30	48,711,451,018	32.82

Non-Ferrous Metals — Conservation Orders Amended By WPB For Purpose Of Simplification

Editor's Note—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Oct. 7, stated: "Amendments to conservation orders and other regulations were issued during the last week for copper, lead, zinc, and molybdenum. In nearly all instances, the revised orders were aimed at simplifying the controls and reducing paper work. Civilian consumption of the important war materials remains just about as tight as ever. A new version of the stockpile bill has been introduced by Senator Scrugham. Many suggestions made at hearings on the measure have been incorporated in the bill. Pending study of the revised bill, few in the trade expressed any decided views on the subject. Some operators missed specific mention of scrap." The publication further went on to say in part as follows:

Copper

"Consumption of copper is not expected to increase appreciably over the remainder of the year and the industry looks for the emergency stockpile to increase steadily during the last quarter. The price situation in both domestic and foreign copper remains unchanged.

"Minor changes in Conservation Order M-9-c, as amended, were made last week by WPB for the purpose of simplification. Control over the use of copper plates for the printing and publishing industry has been transferred to Conservation Order M-339, which is slightly less stringent. Other changes involve users of unimportant quantities of copper, as in the production of lock parts and some military items.

Lead

"Sales of lead during the last week were 62% in excess of those in the preceding week. Demand was chiefly for November shipment metal. Allocation of foreign lead for next month is expected to receive consideration Oct. 18.

"WPB has asked producers to file a single PD report on production and stocks, instead of two as formerly.

"Canadian restrictions on the sale of lead have been eased. An order, issued by Metals Controller Bateman on Sept. 30, abolishes the permit requirement for purchases of pig or ingot and confines inventories to 60 days' normal supply.

Zinc

"Though substantial tonnages of zinc were disposed of during the last week against October allocation certificates, the feeling obtains in most quarters that stocks are still increasing. Metal accumulating in the reserve supply consists largely of High Grade. Lend-lease requests for zinc have been smaller in recent months.

"Use of zinc for making items not specifically prohibited in List A of Conservation Order M-11-b was set last week at 15% by weight of the amount of zinc used by a person during the entire calendar year 1941. This revision became effective Oct. 1, 1943.

Molybdenum

"WPB, on Oct. 2, issued Supplementary Order M-110-a, as amended, to permit the acquisition of 500-lb. or less of molybdenum by foundries to fill authorized controlled materials orders rated AA-5 or higher, without going through allocation proceedings.

Tin

"Discussions are taking place in Washington in reference to the terms of sale of low-grade Bolivian tin concentrates to this country. According to trade reports, the Office of Economic Warfare has offered to raise the base price from 60¢ per pound of tin contained to 63½¢, but this has been turned down by the Bolivian authorities because the higher price did not provide for easing the existing penalties on low-grade material. The Bolivians, it appears, are anxious to make it more profitable to produce low-grade concentrates.

"Though cost figures on treating low-grade concentrates at the Texas smelter are not available, the industry feels that costs would rise appreciably if the wishes of the Bolivians were granted. Moreover, as the impurities present in the concentrates increase, the metallurgical problems become more involved.

"Quotations for tin in the United States market continued unchanged last week. Straits quality tin for shipment, in cents per pound, was as follows:

	Oct.	Nov.	Dec.
Sept. 30	52.000	52.000	52.000
Oct. 1	52.000	52.000	52.000
Oct. 2	52.000	52.000	52.000
Oct. 4	52.000	52.000	52.000
Oct. 5	52.000	52.000	52.000
Oct. 6	52.000	52.000	52.000

"Chinese, or 99% tin, continues at 51.125¢ a pound.

Quicksilver

"In the event that the stockpile bill becomes law, the Metals Reserve or its successor would be obliged to purchase quicksilver from those producers who have entered into contracts with Government agencies for 12 months after present hostilities cease. As matters stand, Metals Reserve has agreed to buy surplus production of quicksilver from qualified producers up to Dec. 31, 1944.

"The price situation in quicksilver did not change last week. Quotations in New York continued at $195 to $197 per flask.

Silver

"The London market for silver during the last week was quiet, with the price unchanged at 23½d. an ounce. The New York Official for foreign silver continued at 44¾c., with domestic at 70⅝c. The Treasury's quotation held at 35¢."

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Oct. 9 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Sept. 25, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Sept. 25 (in round-lot transactions) totaled 1,530,088 shares, which amount was 17.23% of the total transactions on the Exchange of 4,439,450 shares. This compares with member trading during the week ended Sept. 18 of 1,355,340 shares, or 17.30% of total trading of 3,917,810 shares. On the New York Curb Exchange, member trading during the week ended Sept. 25 amounted to 402,255 shares, or 15.65% of the total volume on that exchange of 1,284,905 shares; during the Sept. 18 week trading for the account of Curb members of 264,510 shares was 14.94% of total trading of 884,920 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED SEPT. 25, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	110,230	
‡Other sales	4,329,220	
Total sales	4,439,450	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	381,970	
Short sales	50,780	
‡Other sales	347,150	
Total sales	397,930	8.78
2. Other transactions initiated on the floor—		
Total purchases	216,570	
Short sales	16,740	
‡Other sales	212,070	
Total sales	228,810	5.02
3. Other transactions initiated off the floor—		
Total purchases	133,970	
Short sales	18,220	
‡Other sales	152,618	
Total sales	170,838	3.43
4. Total—		
Total purchases	732,510	
Short sales	85,740	
‡Other sales	711,838	
Total sales	797,578	17.23

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED SEPT. 25, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	19,365	
‡Other sales	1,265,540	
Total sales	1,284,905	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	85,775	
Short sales	5,895	
‡Other sales	113,585	
Total sales	119,480	7.99
2. Other transactions initiated on the floor—		
Total purchases	39,785	
Short sales	5,100	
‡Other sales	53,525	
Total sales	58,625	3.83
3. Other transactions initiated off the floor—		
Total purchases	43,015	
Short sales	600	
‡Other sales	54,975	
Total sales	55,575	3.83
4. Total—		
Total purchases	168,575	
Short sales	11,595	
‡Other sales	222,085	
Total sales	233,680	15.65
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	57,782	
Total purchases	57,782	
Total sales	35,248	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Labor Bureau's Wholesale Commodity Index Advanced 0.1% During Week Ended Oct. 2

The U. S. Department of Labor announced on Oct. 7 that the Bureau of Labor Statistics' index of commodity prices in primary markets advanced 0.1% during the week ended Oct. 2. A sharp advance in prices for cottonseed meal, together with higher prices for grains, largely accounted for the increase. The all-commodity index rose to 103.0% of the 1926 average, the highest point since early in August.

The Department's announcement further said:

"Farm Products and Foods—Weakening markets for livestock and poultry brought average prices for farm products down 0.2% during the week despite a sharp increase in the grain market. Quotations for calves were down more than 5%, ewes over 4%, cows approximately 3%, live poultry over 2% and hogs and steers less than 1%. In addition, prices were lower for potatoes in eastern markets, and for apples. All grains averaged higher, ranging from 1.4% for wheat to 2.9% for oats.

"Egg prices were up about 2% in nearly all important markets. Prices were also higher for cotton, hay, lemons, onions, and potatoes at Chicago and Portland (Oregon).

"Higher prices for eggs were mainly responsible for an increase of 0.1% in the foods group index. Cereal products advanced slightly because of increased prices for oatmeal and wheat flour. Average prices for fruits and vegetables dropped 0.3%.

"Industrial Commodities—Average prices for fuel and lighting materials rose 0.1% as a result of higher quotations for natural gasoline at Oklahoma refineries.

"Lumber declined fractionally as lower prices were reported for Ponderosa pine boards, shop lumber, and maple flooring. Prices were higher for sugar pine and Idaho pine lumber, and for turpentine.

"In the chemicals and allied products group higher prices for caustic potash and certain fertilizer materials more than offset lower prices for phthalic anhydride and the index for the group advanced 0.1%."

The following notation is made:

"During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports."

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for Sept. 4, 1943 and Oct. 3, 1942, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity groups—	10-2 1943	9-25 1943	9-18 1943	9-4 1943	10-3 1942	Percentage changes to Oct. 2, 1043 from— 9-25 1943	9-4 1943	10-3 1942
All commodities	*103.0	*102.9	*102.9	*102.8	99.7	+0.1	+0.2	+ 3.3
Farm products	*123.6	*123.8	*123.6	*123.3	108.7	—0.2	+0.2	+13.7
Foods	105.0	104.9	104.5	104.7	103.0	+0.1	+0.3	+ 1.9
Hides and leather products	118.4	118.4	118.4	118.4	118.4	0	0	0
Textile products	97.0	97.0	97.0	97.0	96.6	0	0	+ 0.4
Fuel and lighting materials	81.7	81.6	81.6	81.7	79.7	+0.1	0	+ 2.5
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.9	0	0	— 0.1
Building materials	112.5	112.5	112.5	112.2	110.5	0	+0.3	+ 1.8
Chemicals and allied products	100.3	100.2	100.2	100.2	96.2	+0.1	+0.1	+ 4.3
Housefurnishing goods	104.2	104.2	104.2	104.2	104.1	0	0	+ 0.1
Miscellaneous commodities	93.1	92.6	92.6	92.4	88.4	+0.5	+0.8	+ 5.3
Raw materials	*112.5	*112.6	*112.4	*112.3	102.4	—0.1	+0.2	+ 9.9
Semimanufactured articles	92.8	92.8	92.8	92.8	92.8	0	0	0
Manufactured products	*100.2	*100.1	*100.1	*100.0	99.6	+0.1	+0.2	+ 0.6
All commodities other than farm products	*98.6	*98.5	*98.5	*98.4	97.8	+0.1	+0.2	+ 0.8
All commodities other than farm products and foods	*97.5	*97.4	*97.4	*97.3	95.7	+0.1	+0.2	+ 1.9

*Preliminary.

Changes In Holdings Of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The monthly compilation of companies listed on the New York Stock Exchange reporting changes in the amount of stock held follows:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Allegheny Ludlum Steel Corp., common	1,171	446	
Allied Kid Co., common	40,451	40,751	
Allied Stores Corp., 5% preferred	67	212	
American-Hawaiian Steamship Co., capital	74,300	75,700	
American Hide and Leather Co., 6% conv. preferred	200	900	
American Ice Co., preferred	34,277	35,200	
American Machine and Metals, Inc., common	32,043	35,043	
Armour and Co. (Illinois), common	3	2	
Associates Investment Co., common	37,181	38,181	
Atlantic Gulf and West Indies Steamship Lines, 5% pfd.	1,200	1,400	
Atlas Corp., common	96	110	
Atlas Corp., 6% preferred	None	2	
Atlas Powder Co., common	7,368	7,370	
Belding Heminway Co., common	57,332	57,532	
Borden Co. (The), capital	66,900	89,571	(1)
Case (J. I.) Co., common	1,218	1,208	
Century Ribbon Mills, Inc., 7% preferred	None	36	
Crucible Steel Co. of America, 5% conv. preferred	2,000	2,600	
Cuban-American Sugar Co. (The), 5½% conv. pfd.	36,020	36,120	
Florsheim Shoe Co. (The), class A	115	None	
Fruehauf Trailer Co., 5% convertible preferred	30	70	
General Motors Corp., common	10,441	35,941	
Goodyear Tire & Rubber Co. (The) $5 conv. pfd.	14,412	15,812	
Jones & Laughlin Steel Corp., common	None	None	(2)
Mead Corp. (The), $5.50 preferred "B"	2,577	2,797	
National Cylinder Gas Co., common	6,311	6,811	
National Department Stores Corp., 6% preferred	3,530	3,545	
National Steel Corp., capital	2,605	2,455	
Newport News Shipbuilding and Dry Dock Co., $5 cum. pfd.	10,100	15,400	
Norfolk and Western Railway Co., adjustment pfd.	6,232	6,332	
Pittston Co. (The), class A pref.	None	660	
Plymouth Oil Co., capital	5,884	7,184	
Real Silk Hosiery Mills, Inc., 7% preferred	6,395	6,565	
Rustless Iron and Steel Corp., common	4	5	
Sinclair Oil Corp., common	330,906	330,911	
Transamerica Corp., capital	1,190,930	1,208,931	
Twentieth Century Fix Film Corp., $1.50 preferred	45,363	47,163	
United States Leather Co. (The), prior pref.	6,862	6,902	
Virginia Iron Coal and Coke Co., 5% preferred	3,422	3,732	
Willys-Overland Motors, Inc., 6% cum. conv. pfd.	58,195	60,195	
Sheaffer (W. A.) Pen Co., common	3,002	2,302	

NOTES

(1) Acquired 23,000 shares and issued during the month 329 shares covering the purchase of Soy Bean Processing Co.

(2) Acquired 50 shares and disposed of 50 shares.

The New York Curb Exchange has issued the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report
American Cities Pw. & Lt. Corp., A opt. div. ser. 1936	None	750
American Cities Pw. & Lt. Corp., cv. A opt. div. ser.	None	200
American General Corporation, common	358,940	361,047
Cooper-Bessemer Corp., $3 prior pref.	1,045	3,045
Crown Central Petroleum Corp., common	588	589
Equity Corporation, $3 cv. preferred	51,773	52,073
Esquire, Inc., capital	11,900	13,500
Knott Corporation, common	9,401	9,403
Mangel Stores Corporation, $5 conv. preferred	3,788	3,878
Merritt-Chapman & Scott Corp., 6½% A preferred	1,980	880
Midland Oil Corporation, $2 conv. pref.	9,915	10,015
Mock, Judson, Voehringer Co., Inc., common	15,967	16,767
North Central Texas Oil Co., Inc., common	32,800	33,000
Sun Ray Drug Co., common	None	150
United Cigar-Whelan Stores Corp., common	12,188	12,193
Utility Equities Corp., $5.50 div. prior stock	10,100	10,300

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Oct. 9 a summary for the week ended Oct. 2 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Oct 2, 1943

	Total for Week
Odd-Lot Sales by Dealers: (Customers' purchases)	
Number of orders	13,013
Number of shares	356,763
Dollar value	14,037,637
Odd-Lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	68
*Customers' other sales	14,456
Customers' total sales	14,524
Number of Shares:	
Customers' short sales	2,147
*Customers' other sales	349,176
Customers' total sales	351,323
Dollar value	11,702,171
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	540
†Other sales	103,770
Total sales	104,310
Round-Lot Purchases by Dealers—	
Number of shares	110,390

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

'Gas' Situation Tight

Spotted local gasoline shortages continued to plague the East Coast despite the record breaking shipment here of 1,634,514 barrels of petroleum products per day during the week ending August 28, Petroleum Administrator for War Harold L. Ickes announced on September 3.

The index of principal petroleum product stocks available for civilians jumped 2.3 points to 39.1% of normal, which compares with 58.7% of normal for the same week in 1942. Deputy Administrator Ralph K. Davies, explaining the significance of this stock index, said:

"It means that our stocks on the East Coast now are about two-thirds of what they were a year ago. That is not good because the level of a year ago was no more than minimum. Further, the military demand continues to increase and the heavy heating oil requirement of winter is almost upon us. As against this, however, our transportation facilities have been vastly increased compared to last year. This is very much on the credit side.

"Yet, we have a supply situation which, while improving, is tight and one which therefore requires the most careful husbanding of what we have and the most vigorous effort to get more in."

Record Export Freight

Cars of export freight, excluding coal and grain, handled through the United States ports during the month of August was the heaviest on record totaling 135,622, compared with 84,556 in August, 1942, or an increase of 60%, the Association of American Railroads reported on Sept. 10.

Export grain unloaded at the ports totaled 3,510, compared with 1,849 in August, 1942, or an increase of 90%.

In addition the railroads also handled 628 carloads of coastal freight in August this year, compared with 958 handled in same month last year, or a decrease of 34%, the report concluded.

Revenue Freight Car Loadings During Week Ended Oct. 2, 1943 Increased 3,332 Cars

Loading of revenue freight for the week ended Oct. 2, 1943, totaled 910,643 cars, the Association of American Railroads announced on Oct. 7. This was an increase above the corresponding week of 1942 of 3,357 cars, or 0.4%, but a decrease below the same week in 1941 of 7,253 cars or 0.8%.

Loading of revenue freight for the week of Oct. 2 increased 3,332 cars, or 0.4% above the preceding week.

Miscellaneous freight loading totaled 406,620 cars, an increase of 4,359 cars above the preceding week, but a decrease of 25,394 cars below the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 102,239 cars, a decrease of 367 cars below the preceding week, but an increase of 10,397 cars above the corresponding week in 1942.

Coal loading amounted to 179,272 cars, a decrease of 542 cars below the preceding week, but an increase of 10,518 cars above the corresponding week in 1942.

Grain and grain products loading totaled 53,495 cars, an increase of 2,811 cars above the preceding week, and an increase of 2,938 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of Oct. 2 totaled 37,311 cars, a decrease of 646 cars below the preceding week but an increase of 2,148 cars above the corresponding week in 1942.

Live stock loading amounted to 23,508 cars, a decrease of 149 cars below the preceding week, but an increase of 2,055 cars above the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of Oct. 2, totaled 19,008 cars, an increase of 187 cars above the preceding week, and an increase of 1,579 cars above the corresponding week in 1942.

Forest products loading totaled 45,941 cars, an increase of 2,257 cars above the preceding week but a decrease of 3,596 cars below the corresponding week in 1942.

Ore loading amounted to 84,665 cars, a decrease of 2,482 cars below the preceding week but an increase of 5,808 cars above the corresponding week in 1942.

Coke loading amounted to 14,903 cars, a decrease of 25 cars below the preceding week, but an increase of 631 cars above the corresponding week in 1942.

All districts reported increases compared with the corresponding week in 1942, except the Southern, Centralwestern, and Southwestern. All districts reported decreases compared with 1941 except the Northwestern, Centralwestern and Southwestern.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2,793,630
5 weeks of May	4,149,708	4,170,548	4,160,060
4 weeks of June	3,151,146	3,385,655	3,510,057
5 weeks of July	4,307,406	4,185,135	4,295,457
4 weeks of August	3,554,446	3,487,905	3,581,350
4 Week of September	3,545,823	3,503,383	3,540,210
Week of October 2	910,643	907,286	917,896
Total	32,415,340	33,147,110	32,185,645

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Oct. 2, 1943. During this period 61 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED OCT. 2

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	250	279	634	1,673	1,290
Bangor & Aroostook	1,347	1,148	976	190	196
Boston & Maine	7,114	6,428	9,283	15,058	13,758
Chicago, Indianapolis & Louisville	1,426	1,603	1,710	2,244	2,052
Central Indiana	36	38	24	44	49
Central Vermont	1,074	1,028	1,496	2,702	2,894
Delaware & Hudson	6,263	6,377	7,357	11,809	11,643
Delaware, Lackawanna & Western	7,569	7,616	9,735	11,770	9,675
Detroit & Mackinac	270	740	336	127	320
Detroit, Toledo & Ironton	1,959	1,713	2,345	1,176	1,259
Detroit & Toledo Shore Line	353	330	373	2,453	2,790
Erie	14,025	13,664	16,271	19,899	16,370
Grand Trunk Western	3,993	4,347	5,262	7,099	8,501
Lehigh & Hudson River	222	155	202	2,611	2,617
Lehigh & New England	2,024	2,395	1,386	1,671	1,916
Lehigh Valley	8,957	8,735	8,996	14,777	13,226
Maine Central	2,397	2,242	3,260	2,926	2,812
Monongahela	6,143	6,137	6,476	433	396
Montour	2,363	2,352	2,141	55	44
New York Central Lines	54,787	51,160	52,019	57,792	57,319
N. Y., N. H. & Hartford	10,008	9,548	13,101	19,624	18,977
New York, Ontario & Western	1,328	977	1,675	2,396	2,412
New York, Chicago & St. Louis	7,058	8,018	7,600	16,714	16,931
N. Y., Susquehanna & Western	657	400	535	2,344	2,250
Pittsburgh & Lake Erie	8,321	8,003	9,158	8,618	9,574
Pere Marquette	5,694	5,637	6,669	7,481	6,948
Pittsburg & Shawmut	964	779	760	20	30
Pittsburg, Shawmut & North	436	360	409	294	244
Pittsburgh & West Virginia	1,117	1,019	1,072	3,346	3,220
Rutland	420	434	587	1,232	1,021
Wabash	6,453	6,491	6,262	14,154	12,325
Wheeling & Lake Erie	6,172	5,464	5,691	4,683	4,967
Total	171,200	165,617	183,801	237,415	228,026
Allegheny District—					
Akron, Canton & Youngstown	732	768	737	1,337	1,123
Baltimore & Ohio	46,446	42,844	43,533	29,170	26,714
Bessemer & Lake Erie	6,893	6,241	6,365	2,160	2,184
Buffalo Creek & Gauley	341	319	312	5	5
Cambria & Indiana	1,699	1,899	1,945	8	5
Central R. R. of New Jersey	7,752	7,496	7,599	20,923	21,309
Cornwall	665	658	686	72	56
Cumberland & Pennsylvania	212	238	290	17	5
Ligonier Valley	146	139	122	38	42
Long Island	1,665	1,366	1,003	4,102	3,577
Penn-Reading Seashore Lines	1,861	1,907	1,964	3,138	2,579
Pennsylvania System	85,818	84,930	92,213	65,117	69,506
Reading Co.	14,982	15,141	18,032	27,860	27,333
Union (Pittsburgh)	20,857	21,579	20,239	8,379	7,295
Western Maryland	3,955	4,147	4,585	12,327	12,246
Total	194,024	189,672	199,625	174,653	173,979
Pocahontas District—					
Chesapeake & Ohio	28,898	27,979	29,975	14,774	13,703
Norfolk & Western	23,118	23,104	25,180	6,929	8,012
Virginian	4,743	4,672	4,494	2,451	2,639
Total	56,759	55,755	59,649	24,154	24,354
Southern District—					
Alabama, Tennessee & Northern	326	452	369	416	295
Atl. & W. P.—W. R. R. of Ala.	700	704	961	2,487	3,078
Atlanta, Birmingham & Coast	727	753	880	1,229	1,368
Atlantic Coast Line	11,673	10,642	10,805	10,327	11,124
Central of Georgia	3,831	4,740	4,880	4,847	5,287
Charleston & Western Carolina	380	426	455	1,422	1,445
Clinchfield	1,678	1,780	1,859	2,535	2,720
Columbus & Greenville	359	612	464	216	308
Durham & Southern	147	125	226	606	648
Florida East Coast	1,360	814	450	1,659	1,630
Gainesville Midland	44	45	42	72	126
Georgia	1,182	1,243	1,536	3,345	2,730
Georgia & Florida	442	351	497	539	520
Gulf, Mobile & Ohio	4,365	4,532	4,506	4,552	4,970
Illinois Central System	29,892	31,286	28,751	17,737	19,935
Louisville & Nashville	25,495	26,496	27,516	12,389	12,924
Macon, Dublin & Savannah	192	204	206	729	595
Mississippi Central	263	256	193	457	586
Nashville, Chattanooga & St. L.	3,682	3,737	3,742	4,970	6,054
Norfolk Southern	1,034	1,301	1,538	1,718	1,944
Piedmont Northern	368	313	584	1,227	1,133
Richmond, Fred. & Potomac	363	464	412	10,007	9,576
Seaboard Air Line	9,924	9,840	10,621	9,244	8,907
Southern System	23,282	23,864	26,358	23,970	24,601
Tennessee Central	602	523	480	831	972
Winston-Salem Southbound	176	123	193	1,068	1,110
Total	122,487	125,626	128,524	118,599	124,586
Northwestern District—					
Chicago & North Western	22,749	20,784	22,533	16,202	14,979
Chicago Great Western	2,987	2,316	2,966	3,411	4,156
Chicago, Milw., St. P. & Pac.	23,471	22,833	24,390	11,747	11,350
Chicago, St. Paul, Minn. & Omaha	4,305	4,100	4,653	4,620	4,653
Duluth, Missabe & Iron Range	29,677	27,200	23,736	271	331
Duluth, South Shore & Atlantic	1,079	1,081	1,164	638	1,119
Elgin, Joliet & Eastern	9,379	10,418	10,791	10,692	11,276
Ft. Dodge, Des Moines & South	410	506	628	74	123
Great Northern	28,464	28,775	26,831	5,698	5,824
Green Bay & Western	736	514	643	1,022	741
Lake Superior & Ishpeming	2,184	2,402	1,996	43	77
Minneapolis & St. Louis	2,599	2,377	2,130	2,891	2,810
Minn., St. Paul & S. S. M.	8,191	9,014	7,978	2,929	3,229
Northern Pacific	14,089	14,342	13,650	5,928	5,588
Spokane International	171	303	172	503	519
Spokane, Portland & Seattle	2,901	2,916	2,772	2,653	3,428
Total	153,392	149,881	147,033	69,322	70,203
Central Western District—					
Atch., Top. & Santa Fe System	23,263	25,648	22,526	15,502	13,305
Alton	3,403	3,272	3,318	3,746	4,693
Bingham & Garfield	505	802	628	132	119
Chicago, Burlington & Quincy	22,031	21,684	19,273	13,691	13,830
Chicago & Illinois Midland	2,947	2,415	2,673	889	1,026
Chicago, Rock Island & Pacific	12,925	13,830	13,330	12,165	13,045
Chicago & Eastern Illinois	2,829	2,994	3,032	5,760	4,968
Colorado & Southern	970	1,084	863	2,596	2,074
Denver & Rio Grande Western	4,956	5,255	4,288	7,392	6,901
Denver & Salt Lake	467	998	1,148	17	20
Fort Worth & Denver City	1,593	1,407	918	1,770	1,777
Illinois Terminal	1,971	1,685	1,963	1,979	2,249
Missouri-Illinois	1,223	1,283	1,156	481	572
Nevada Northern	2,043	2,154	2,032	124	126
North Western Pacific	1,138	1,241	1,342	691	634
Peoria & Pekin Union	8	8	10	0	0
Southern Pacific (Pacific)	33,822	34,253	33,678	14,836	11,461
Toledo, Peoria & Western	308	335	373	2,072	1,651
Union Pacific System	18,680	18,614	18,927	19,313	17,201
Utah	599	653	599	5	3
Western Pacific	2,179	2,831	2,198	4,785	4,417
Total	137,860	142,446	134,275	107,946	100,072
Southwestern District—					
Burlington-Rock Island	311	573	185	221	315
Gulf Coast Lines	6,101	4,767	3,651	2,607	2,529
International-Great Northern	2,677	3,783	2,717	3,468	2,900
Kansas, Oklahoma & Gulf	640	367	257	1,050	1,241
Kansas City Southern	5,418	5,115	3,117	3,109	2,553
Louisiana & Arkansas	3,129	3,970	2,759	2,543	2,391
Litchfield & Madison	359	292	367	1,946	1,207
Midland Valley	745	951	882	280	238
Missouri & Arkansas	147	196	219	295	371
Missouri-Kansas-Texas Lines	6,715	5,986	5,281	6,322	4,999
Missouri Pacific	17,803	19,856	19,196	20,149	21,980
Quanah Acme & Pacific	78	143	104	240	211
St. Louis-San Francisco	8,962	10,792	9,814	9,720	8,392
St. Louis Southwestern	3,193	3,402	3,374	6,976	7,094
Texas & New Orleans	13,455	13,107	8,230	4,913	4,492
Texas & Pacific	5,067	4,821	4,667	6,814	7,883
Wichita Falls & Southern	100	146	159	53	27
Weatherford M. W. & N. W.	21	22	10	22	52
Total	74,921	78,289	64,989	70,728	68,875

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
July 3	179,835	144,232	580,683	92	93
July 10	111,912	100,115	573,342	69	93
July 17	151,993	140,803	587,181	91	93
July 24	136,881	148,852	572,786	97	93
July 31	153,646	150,337	571,705	97	93
Aug. 7	177,541	146,515	600,338	94	93
Aug. 14	143,629	154,747	586,901	98	93
Aug. 21	133,446	150,012	568,361	95	93
Aug. 28	148,381	147,494	570,859	96	93
Sept. 4	177,766	150,943	598,255	97	93
Sept. 11	121,125	126,427	589,323	83	93
Sept. 18	153,708	157,082	583,714	98	93
Sept. 25	144,100	151,725	558,633	96	93
Oct. 2	164,954	152,479	579,800	97	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Lumber Movement—Week Ended Oct. 2, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 470 mills reporting to the National Lumber Trade Barometer exceeded production by 3.7% for the week ended Oct. 2, 1943. In the same week new orders of these mills were 0.4% greater than production. Unfilled order files in the reporting mills amounted to 101% of stocks. For reporting softwood mills, unfilled orders are equivalent to 40 days' production at the current rate, and gross stocks are equivalent to 37 days' production.

For the year to date, shipments of reporting identical mills exceeded by 8.3%; orders by 9.8%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 14.3% greater; shipments were 17.0% greater, and orders were 12.5% greater.

Construction Contracts 43% Below August 1942

Construction contracts awarded during the month of August totaled $413,791,000 in the 37 eastern states, according to F. W. Dodge Corporation on Sept. 26. This compared with $183,661,000 in the preceding month, but, was 43% behind the $721,028,000 recorded in August last year. Valuation of public ownership projects in August was 45% below the same month last year while private ownership was off only 29%.

Non-residential building volume of $272,888,000 in August was largely affected by non-recurring war construction and compares with $61,840,000 in July and $407,324,000 in August a year ago.

The August total of $67,493,000 for residential building represented a decline of 6% from the preceding month and a decline of about one-third from August, 1942. Eliminating barracks and temporary-type dormitories for single men, however, August was only 2% behind last year and the number of new dwelling units created exceeded those of August a year ago by 2%.

Heavy engineering work, valued at $73,410,000, represented an increase of 47% over July, but was 64% below August last year.

WPB Decentralized Plan

A new program to decentralize operations of the War Production Board by giving the 13 regional offices more authority was approved on Sept. 21 at the first meeting of the newly-established WPB Operations Council.

H. J. Batcheller, WPB Vice-Chairman for Operations, said the new plan is expected to reduce travel of businessmen to Washington by 33%, cut paper work by 25 to 40% and give the WPB organization greater speed and responsiveness.

Under the program, much of the machinery of production control will be moved to the WPB's 13 regional offices and the 92 district offices. It is believed that the 13 "little WPB's" will be able to function without reference to Washington in all except basic policy matters.

Postal Unit Number For Reserve Bank Mail

The Federal Reserve Bank of New York requests that all mail in the future contain the appropriate postal unit number in accordance with the Post Office Department's Postal Unit Numbering System, which was established in certain cities to facilitate the distribution of incoming mail. For the Reserve Bank's head office in New York City, the postal unit number is "7," while for the Buffalo branch it is "2."

Items About Banks, Trust Companies

Following the meeting of the Board of Trustees of the New York Trust Company on Oct. 5, John E. Bierwirth, President, announced the appointment of three senior officers and four junior officers. Hulbert S. Aldrich, formerly Assistant Treasurer, was elected Vice-President, and Holt F. Callaway and William W. Crehore, Jr., both formerly Assistant Treasurers, were appointed Assistant Vice-Presidents. George W. B. Gorman was appointed Assistant Treasurer, William H. Osborn and Edward S. Peterson, Assistant Secretaries, and Henry Lanier, Jr., an Assistant Trust Officer. In its announcement regarding these appointments the bank says:

"Mr. Aldrich, a graduate of Yale, has been with the New York Trust Company since 1930 and an officer since 1939. He has had a wide experience in commercial and investment banking in which fields he will continue as a general officer.

"Mr. Callaway saw military service during the first World War after completing his education at Mercer University. He jointed the New York Trust Company in 1928 and was appointed an Assistant Treasurer in 1931. His duties have always dealt with the business of the New York Trust Company in the southern area and he is now in charge of that territory.

"Mr. Crehore, a graduate of Yale, served with the A. E. F. in France as a Captain of the Air Force in the former World War. He started his banking career and became an officer with the National Bank of Commerce, subsequently merged with the Guaranty Trust Company. He was appointed Assistant Treasurer by the New York Trust Company in 1929 with particular responsibility for the bank's business in Ohio, Michigan and Chicago.

"Mr. Gorman is Manager of the Brokers Loan Department. Mr. Osborn, who attended New York University, is Manager of the Custody Department. Mr. Peterson, a member of the Class of 1944 at the Graduate School of Banking, Rutgers University, is in charge of security trading and consultant on correspondent bank portfolios. Mr. Lanier, a Yale graduate, is head of the Trust Administration Department."

The First National Bank of the City of New York, in its report of condition at the close of business of Sept. 30, 1943, shows total resources of $1,158,704,728 and total deposits of $1,030,341,856, compared with $1,059,702,656 and $931,086,516 on June 30, 1943. Cash and due from Federal Reserve and other banks, including exchanges, is listed at $146,603,730, against $180,174,553 three months ago; holdings of United States obligations, $757,839,316, compared with $700,195,106, and loans and discounts, $139,536,803, against $61,-347,383. Capital and surplus remain unchanged at $10,000,000 and $100,000,000, respectively. Undivided profits are given as $13,-212,880, after making provision for the October 1 dividend of $2,000,-000, compared with $13,028,303 on June 30, after providing for the July 1 dividend of $2,000,000.

James W. Hubbell, President of the New York Telephone Co., was elected a director of Irving Trust Company of New York on Oct. 7, according to an announcement by Harry E. Ward, Chairman of the Irving Board. Mr. Hubbell is a graduate of Yale University, and has spent his entire business life in the telephone field. Prior to his election as head of the telephone company, he was Vice-President in charge of operations, and previous to that was General Manager for that company's up-State area with headquarters in Albany. While residing in Albany, Mr. Hubbell was a Director of the New York State National Bank, now known as the State National Bank of Albany. He is at present a Trustee of the Union Dime Savings Bank of New York. In World War I, Mr. Hubbell volunteered for service and was Lieutenant-Colonel in command of the First Telegraph Battalion, attached to the First Army Corps, A. E. F.

John I. McInerney, formerly Assistant Secretary of Manufacturers Trust Company of New York, has been elected Secretary of the company. Mr. McInerney became affiliated with Manufacturers Trust Company in 1931, and in the early part of 1937 was elected an Assistant Secretary. Mr. McInerney was graduated from the St. John's University Law School. He is a member of the New York Bar, and prior to joining Manufacturers Trust Company was associated for several years with the law firm of White & Case. Before that he was for a number of years connected with the Sales Department of the Central Leather Company, now the United States Leather Company. In World War I, Mr. McInerney served with the New York Office of Naval Intelligence.

At a meeting of the Board of Directors of the National City Bank of New York held Oct. 6, Robert M. Franke and Ralph H. Thomson were appointed Assistant Vice-Presidents. Mr. Thomson was formerly an Assistant Cashier.

E. Chester Gersten, President of the Public National Bank and Trust Co. of New York, announced on Oct. 7 the promotion of Arthur W. Somers from Assistant Cashier to Assistant Vice-President. Mr. Gersten also announced the appointment of Kenneth A. Rivera as Assistant Cashier and John J. Kubach as Assistant Manager of the Foreign Department.

Statement of condition of Sterling National Bank & Trust Company of New York at Sept. 30, 1943, shows total resources and deposits of $80,890,700 and $75,-229,301, as compared with $81,755,-404 and $75,885,248, respectively, as of June 30, 1943. Of the September total deposits of $75,229,-301, U. S. Government deposits increased to $13,634,527, as compared with $9,661,832 on June 30 last, and commercial and other deposits totaled $61,594,774, as against $66,223,413 on June 30th. Capital, surplus and undivided profits increased to $4,388,151, as against $4,373,556 on June 30; reserves increased to $779,034, as compared with $655,905. Cash and due from banks amounted to $15,-734,903 on September 30, against $18,621,017 on June 30; U. S. Government securities increased to $40,361,518, as compared with $40,-088,529 on June 30; State, municipal and corporate securities were $1,379,559, against $1,422,920; loans and discounts $22,640,225, against $20,598,675. Stock in Federal Reserve Bank remained the same, namely $120,000.

Grace National Bank of New York in its statement of condition as of Sept. 30, 1943 shows deposits of $77,610,183, as compared with $64,208,157 on June 30, 1943 and $54,277,246 a year ago. Undivided profits amounted at the latest date to $1,146,592, as compared with $1,086,142 on June 30, 1943 and $929,306 a year ago. Cash in vault and with banks on September 30 totaled $13,257,742, as compared with $15,380,621 on June 30, 1943 and $15,491,145 a year ago. U. S. Government securities were $39,-673,514, as compared with $34,-090,913 on June 30, 1943 and $23,-007,581 a year ago. Loans and discounts were $24,022,744, as compared with $13,635,491 on June 30, 1943 and $14,215,707 a year ago.

The statement of condition of Clinton Trust Company of New York as of Sept. 30, 1943, shows that total assets increased to $16,-752,509 from $15,658,950 as of June 30, 1943, and $13,211,912 on Sept. 30, 1942. Deposits of the bank were $15,539,475 on Sept. 30, 1943, compared with $14,498,202 on June 30, 1943, and $11,981,035 on September 30 a year ago. Surplus and undivided profits totaled $432,969, against $457,444 on June 30 this year and $408,000 on Sept. 30, 1942. Capital stock of the bank remains unchanged at $600,000. Loans and discounts as of Sept. 30, 1943 were $3,149,632, compared with $2,792,818 on June 30, 1943, and $2,743,715 on September 30 last year. Holdings of United States Government, State and municipal bonds were $7,590,865 as of Sept. 30, 1943, compared with $6,770,881 on June 30, 1943 and $4,959,281 on Sept. 30, 1942. Cash on hand and due from banks on Sept. 30, 1943 was $3,518,996, against $3,833,724 three months ago and $3,764,416 a year ago.

The statement of condition of the United States Trust Co. of New York, on Sept. 30, 1943, shows total resources of $155,595,111 and deposits of $123,321,090, compared with $144,332,256 and $112,077,-029, respectively, on June 30, 1943. Cash in banks amounts to $22,558,-788, against $24,719,797; holdings of United State Government obligations, $43,747,700, compared with $79,538,266, and loans and bills purchased $43,747,700, against $18,527,953. The bank's capital stock and surplus are unchanged at $2,000,000 and $26,000,000, while undivided profits are now $2,196,-941, compared with $2,146,070 on June 30.

Wendell J. Curtis, President of the Mechanics Savings Bank, Rochester, N. Y., died on Oct. 3 at his home in Rochester. Mr. Curtis, who was 80 years old, had been President of the bank since 1936. He had been connected with the newspaper business for nearly 40 years, serving at one time as President of the old Rochester "Union and Advertiser." Mr. Curtis' association with the Mechanics Savings Bank dated back to 1901, when he became a Trustee. He was named Secretary and Treasurer of the bank in 1920 and became Executive Vice-President in 1930.

Peter S. Duryee has been elected to the Board of Directors of the Palisades Trust and Guaranty Company, of Englewood, N. J.

Clarence G. Meeks, President of the Hudson Trust Co., Union City, N. J., announces the appointment of William A. Tierney as Vice-President and Charles A. Sturm, Raymond E. Weil and Victor B. Marcussen as Assistant Vice-Presidents.

The Barclay - Westmoreland Trust Co., Greensburg, Pa., whose deposits total $13,400,000, has been admitted to membership in the Federal Reserve System, it is announced by Matthew J. Fleming, President of the Federal Reserve Bank of Cleveland. Founded 89 years ago as a private bank by the late Thomas J. Barclay, and merged in 1908 with the Westmoreland Savings & Trust Co., the Barclay-Westmoreland serves a city of 17,000 and a trade populace estimated at 40,000. Its deposits have increased by more than $3,-000,000 in five years. Officers of the new member bank are John Barclay, Jr., President; Joseph B. Fogg, Vice-President; Oliver S. Collins, Treasurer; John F. Leasure, Assist. Sec.-Treasurer; W. S. McDonald, Trust Officer; Lloyd B. King, Real Estate Officer, and W. W. Lapham, Auditor. Greensburg, 30 miles east of Pittsburgh, is the county seat of Westmoreland County.

First National Bank at Pittsburgh announces the retirement of William L. Guckert, Vice-President Federal Street Branch, effective September 30th.

Holman D. Pettibone, President of Chicago Title & Trust Co. of Chicago, Ill., announces the retirement effective Oct. 8 of Maurice J. Flynn, Assistant Treasurer. Mr. Flynn completed 45 years in the employ of the Title and Trust Co. in July of this year. He has been Assistant Treasurer since January, 1919.

Edward E. Brown, President of the First National Bank of Chicago, announced on Oct. 8 that the Directors have decided to call a special meeting of the stockholders to vote on a proposal to declare a special stock dividend of $20,000,000 some time in December. The dividend, it is stated, would come from the bank's present surplus of $50,000,000. It would increase the bank's capital to $50,000,000 from the present $30,000,000.

In the Chicago "Journal of Commerce" of Oct. 9, in indicating this, further stated:

"It was emphasized by Mr. Brown that the contemplated action was conditional upon no legislation being passed, taxing stock dividends which would be applicable to a dividend distributed in the year 1943.

"The special meeting for shareholders' action, it was suggested, might be called around Dec. 20, and following approval of the holders, dividends at the rate of 8% would be paid on the increased stock.

"As the present dividend rate is 12% a year, the new rate would result in an increase to $4,000,000 of cash dividends yearly, as against $3,600,000 presently paid annually. The new stock represented by the dividend would not receive dividend payments until April 1, 1944, as Mr. Brown said, it was contemplated, 'that the dividend of 3% to be paid next Jan. 1 would be paid to stock of record of a date prior to the dividend.'

"Mr. Brown also said that while it was too early to make a definite prediction, he believed that the First National Bank would add $10,000,000 to its surplus account before the end of this year. This means that the bank would have on Dec. 31 a capital of $50,000,-000 and a surplus of $40,000,000.

"The last increase in the bank's capital was voted in 1935, from $24,000,000 to $30,000,000.

"The announcement by Mr. Brown followed the regular monthly meeting of the board, at which James S. Knowlson, Chairman and President of Stewart-Warner Corp., was elected a director of the bank, to fill the vacancy created by the death of Potter Palmer. One more vacancy exists."

The Manufacturers Bank and Trust Co. of St. Louis has transferred virtually all of its trust business to the St. Louis Union Trust Co. James P. Hickok, President of Manufacturers, in a letter to the institution's customers, had the following to say, according to the St. Louis "Globe-Democrat," regarding the action:

"The Manufacturers Bank and Trust Company of St. Louis is primarily a commercial and savings institution * * * and our directors have reached the conclusion a commercial and savings institution should not conduct a trust department. Therefore, we have arranged to discontinue the further operation of our trust department in all its activities with the exception of its Probate Court appointments."

It is added t[illegible] the Manufacturers will continue, however, to render every banking service, he added. The only personnel involved, Mr. Hickok said, is the transfer of Milton R. Wismar, former Manufacturers Assistant Trust Oficer, to St. Louis Union.

H. D. Ivey, President of the Citizens National Trust & Savings Bank of Los Angeles announced on Oct. 4 the appointment of John R. Christie as Director of Advertising and Publicity for Citizens National Bank. Mr. Christie has been associated for the past three years with Southern California Associated Newspapers and is well known in newspaper circles throughout Southern California. He has served for two years as Vice-President of the California Newspaper Advertising Managers Association.

Wells Fargo Bank & Union Trust Co. of San Francisco, at a regular meeting of its Board of Directors, elected I. W. Hellman III, President, to succeed the late R. B. Motherwell. Mr. Hellman is on wartime leave from the bank, serving as a Captain in the Army Air Corps. Until his return, the duties of the office will be carried on by Frank B. King, Senior Vice-President. As President, Mr. Hellman will occupy a position held before him by his father, I. W. Hellman, Jr., and grandfather, Isaias W. Hellman. Mr. Hellman was graduated in 1920 from the University of California, and in that year entered the service of the bank. In 1921 he went to New York where he spent a year in the banking business. Upon his return to San Francisco in 1922, he became Assistant Cashier of the Union Trust Company, serving in that capacity until its merger with the Wells Fargo Nevada National Bank, Dec. 31, 1923, when he was elected Vice-President of the Wells Fargo Bank & Union Trust Co. Mr. Hellman is also a Director of the Farmers and Merchants National Bank, Los Angeles.

W. J. Bevan was reinstated Assistant Vice-President at the same meeting. Mr. Bevan has been in retirement since Sept. 17, 1941.

The directors of the Midland Bank Ltd., of London, announce the appointment of Stanley Christopherson as Chairman of the Board of Directors. Mr. Christopherson has consented to accept this appointment until a permanent Chairman is elected. Mr. Christopherson in October, 1907 joined the Board of the London Joint Stock Bank Ltd., which in 1918 was amalgamated with the Midland Bank Ltd., and in February, 1922 was appointed Deputy Chairman.

N. Y. Stock Exchange Borrowings Higher

The New York Stock Exchange announced on October 6 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business September 30 was $941,651,-950, an increase of $345,956,786 over the August 31 total of $595,-695,164.

The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges was: (1) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $440,245,920; (2) on all other collateral, $501,406,030; total reported by N. Y. Stock Exchange member firms as of the close of business Sept. 30, 1943, aggregated $941,651,950.

The total of money borrowed, compiled on the same basis, as of the close of business Aug. 31, 1943, was: (1) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $159,509,300; (2) on all other collateral, $436,-185,864; total, $595,695,164.